



March 6, 2014

VIA ELECTRONIC MAIL

Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2014-04 Rule Certification

Dear Secretary Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission Regulation (“CFTC”) 40.6, enclosed is a copy of the above-referenced rule filing submitted by The Options Clearing Corporation (“OCC”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the CFTC or the date the proposed rule is approved by the Securities and Exchange Commission (the “SEC”) or otherwise becomes effective under the Securities Exchange Act of 1934 (the “Exchange Act”). This rule filing has been, or is concurrently being, submitted to the SEC under the Exchange Act.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

OCC proposes to amend its By-Laws and Rules (collectively, “Rules”) to make administrative and/or conforming rule changes to reflect a proposal that (i) the “Membership/Risk Committee” would be renamed to “Risk Committee,” (ii) the title of “Chairman” has been replaced with the title of “Executive Chairman” and, (iii) two Management Directors are members of OCC’s Board of Directors (“Board”).¹

¹ As part of SR-OCC-2013-09, OCC (1) separated the powers and duties previously combined in the office of Chairman into two offices, Executive Chairman and President; and (2) provided that the President, by virtue of such office, would be a Management Director. As a result, effective January 1, 2014, two Management Directors (i.e., the Executive Chairman and the President) are on the Board and the Board increased in size by one member to a total of 19 directors.

OCC also proposes to make conforming amendments to reflect the renaming of the Membership/Risk Committee and the current title of Executive Chairman, as applicable, to the following documents: the Membership/Risk Committee Charter (“RC Charter”), the Performance Committee Charter (“PC Charter”) and the Charter of OCC’s Board of Directors (“Board Charter”) as well as the Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”) attached thereto. Additional conforming amendments are being made to the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards) to further reflect the governance changes described in footnote 1.

Risk Committee Name Change

OCC’s Membership/Risk Committee is a committee of OCC’s Board. The purpose of this committee, as stated in its charter, is to assist the Board in overseeing OCC’s policies and processes for identifying and addressing strategic, operational and financial risks. OCC believes that the name “Risk Committee” more accurately reflects this purpose and is more commonly used for this type of committee by other organizations in the financial industry. The role the committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC’s Rules and the RC Charter, as well as the specific policies and procedures governing the membership and organization, scope of authority and specific functions and responsibilities of the committee has not changed. Accordingly, OCC proposes that existing references to Membership/Risk Committee would be replaced with Risk Committee in its Rules, the RC Charter and Board Charter (including the Fitness Standards).

Executive Chairman Name Change; Number of Management Directors

On January 1, 2014, OCC implemented an approved change in its governance structure that: (1) split the role of Chairman into two offices, the Executive Chairman and President; and (2) provided that the President, by virtue of election to that office, became a Management Director.² OCC’s Rules and the charters of the Board (including the Fitness Standards) and certain of its committees contain numerous references to the term “Chairman.”³ OCC proposes to replace existing references to Chairman with Executive Chairman in its Rules, the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards). In connection with making such updates, OCC identified instances in which additional conforming changes to the Rules and charters of the Board and certain of its committees were necessary to reflect that there are now two Management Directors serving on OCC’s Board. (As defined in OCC’s By-Laws,

² See SR-OCC-2013-09 *supra* note 1.

³ These provisions typically define the Chairman’s authority to take certain actions in certain circumstances. For example, Article III, Section 14 of OCC’s By-Laws provides the Chairman with authority to call special Board meetings and OCC Rule 505 provides that the Chairman can extend the times that OCC is obligated to pay settlement amounts to clearing members.

the Executive Chairman and the President both are Management Directors.) The division of responsibility between the Executive Chairman and the President, as set forth in the By-Laws, is not affected by any of the proposed changes, which OCC believes increases the transparency of its governance arrangements by appropriately reflecting the title of the Executive Chairman and the number of Management Directors on its Board.

OCC reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Commodity Exchange Act. During this review, OCC identified the following Core Principles as potentially being impacted:

Risk Management. OCC believes that by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities as set forth in the DCO Core Principles because it will provide the public with updated governance-related information so such parties may more accurately understand the role and the oversight activities of the Risk Committee and make a more informed decision about using OCC’s services.

Public Information. OCC believes that by implementing the proposed rule change it will be better able to provide market participants with information to identify and evaluate OCC’s governance structure. OCC will post the amended committee charters and the Board Fitness Standards on its public website thereby providing the public with relevant information regarding OCC’s operations.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC’s website concurrently with the filing of this submission.

Certification

OCC hereby certifies that the rule set forth at Item 1 of the enclosed filing complies with the Act and the CFTC’s regulations thereunder.

Melissa Jurgens
March 6, 2014
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Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Stephen Szarmack".

Stephen Szarmack
Vice President & Associate General Counsel

Enclosure

Article I –	Section 1
Article II -	Sections 2 - 4
Article III –	Sections 4, 6A, 7, 9, 10, 12, 14 and 15
Article IV –	Sections 1, 2, 3, 6, 7, 8, 9 and 13
Article V –	Sections 1, 2 and 3
Article VI –	Sections 11 and 13
Article VIIA –	Section 3
Article VIIB –	Section 1
Article VIII –	Section 3 and 5
Article IX –	Sections 12 and 14
Article XIV –	Section 5
Article XVI -	Section 4
Article XVII -	Section 4
Article XXII -	Section 4
Article XXIV -	Section 6

Chapter II -	Rule 214
Chapter III -	Rule 305, 309 and 309A
Chapter V -	Rule 505
Chapter VI -	Rule 603, 604and 609A
Chapter VIII -	Rule 801, 804 and 805
Chapter IX -	Rule 901 and 903
Chapter XI -	Rule 1102, 1104 and 1106
Chapter XIII -	Rule 1309
Chapter XIV -	Rule 1402 and 1405
Chapter XVI -	Rule 1604 and 1610
Chapter XXI -	Rule 2104, 2110 and 2408

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change
by

THE OPTIONS CLEARING CORPORATION

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

Item 1. Text of the Proposed Rule Change

The Options Clearing Corporation (“OCC”) proposes to amend its By-Laws and Rules (collectively, “Rules”) to make administrative and/or conforming rule changes to reflect a proposal that (i) the “Membership/Risk Committee” would be renamed to “Risk Committee,” (ii) the title of “Chairman” has been replaced with the title of “Executive Chairman” and, (iii) two Management Directors are members of OCC’s Board of Directors (“Board”).¹ Material proposed to be added to OCC’s Rules as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

OCC also proposes to make conforming amendments to reflect the renaming of the Membership/Risk Committee and the current title of Executive Chairman, as applicable, to the following documents: the Membership/Risk Committee Charter (“RC Charter”), the Performance Committee Charter (“PC Charter”) and the Charter of OCC’s Board of Directors (“Board Charter”) as well as the Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”) attached thereto. Additional conforming amendments are being made to the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards) to further reflect the governance changes described in footnote 1.

¹ OCC filed, and the Commission approved, a proposed rule change concerning the creation of the role of Executive Chairman. *See* Exchange Act Release No. 34-70076 (July 30, 2013), 78 FR 150 (August 5, 2013), (SR-OCC-2013-09). As part of SR-OCC-2013-09, OCC (1) separated the powers and duties previously combined in the office of Chairman into two offices, Executive Chairman and President; and (2) provided that the President, by virtue of such office, would be a Management Director. As a result, effective January 1, 2014, two Management Directors (i.e., the Executive Chairman and the President) are on the Board and the Board increased in size by one member to a total of 19 directors.

The RC Charter, the PC Charter and the Board Charter (including the Fitness Standards) are attached hereto as Exhibits 5A, 5B and 5C, respectively.² Material proposed to be added thereto as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION

BY-LAWS

* * *

ARTICLE I

Definitions

SECTION 1. Unless the context requires otherwise (or except as otherwise specified in the By-Laws or Rules), the terms defined herein shall, for all purposes of these By-Laws and the Rules of the Corporation, have the meanings herein specified.

A.

(1)-(12) [no change]

Approved Depository

(13) The term “approved depository” means a bank or trust company approved by the Executive Chairman, the Management Vice Chairman or the President.

(14-16) [no change]

B.-F. [no change]

G.

(1)-(5) [no change]

² OCC filed, and the Commission approved, certain clarifying amendments to the RC Charter and the PC Charter. *See* Securities Exchange Act Release No. 34-71627 (February 27, 2014), 79 FR 12538 (March 5, 2014), (SR-OCC-2014-01). The RC Charter, PC Charter and Board Charter were initially approved by the Commission on December 6, 2013. *See* Securities Exchange Act Release No. 71022 (December 6, 2013), 78 FR 75659 (December 12, 2013), (SR-OCC-2013-17).

GSE Debt Securities

(6) The term “GSE debt securities” means such debt securities issued by Congressionally chartered corporations as the [Membership/]Risk Committee may from time to time approve for deposit as margin.

H.-Z. [no change]

* * *

ARTICLE II

Meetings of Stockholders

* * *

Special Meetings

SECTION 2. Special meetings of the stockholders may be called by the Executive Chairman or the Board of Directors, and shall be called by the Executive Chairman upon the written request of a holder of the outstanding Common Stock of the Corporation.

SECTION 3. [no change]

SECTION 4. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than forty days before the date of the meeting, or in case of a merger or consolidation not less than twenty nor more than forty days before the date of the meeting, either personally or by mail, by or at the direction of the Executive Chairman, the Management Vice Chairman, or the Secretary, or the persons calling the meeting, to each stockholder of record. If mailed, such notice shall be deemed to be delivered when deposited in the United States mails addressed to the shareholder at his address as it appears on the records of the Corporation, with postage thereon prepaid.

* * *

ARTICLE III

Board of Directors

* * *

Nominating Committee

SECTION 4. There shall be constituted for each meeting of stockholders a Nominating Committee, which shall be composed of seven members, consisting of (i) one Public Director nominated by the Executive Chairman with the approval of a majority of the Board of Directors, and (ii) six other members (the “Non-Director Members”) selected in accordance with the provisions of Section 5 of this Article III. The Non-Director Members of the Nominating Committee shall be divided into two equal classes of three members, designated as Class I and Class II, respectively. The term of office of the Class I Non-Director Members of the Nominating Committee shall expire at the annual meeting of stockholders in odd numbered years and the term of office of the Class II Non-Director Members of the Nominating Committee shall expire at the annual meeting of stockholders in even numbered years. The term of office on the Nominating Committee of the Public Director member shall expire at the earlier of the third annual meeting of stockholders following such Public Director member’s election to the Nominating Committee or such Public Director member ceasing to be a Public Director. No Non-Director Member shall be eligible for election to the Nominating Committee after having served a full two-year term until after a lapse of one year. A term of less than two years may, however, immediately precede the full two-year term. No director of the Corporation and no person who is not a representative of a Clearing Member shall be eligible to serve as a Non-Director Member of the Nominating Committee.

* * *

Public Directors

SECTION 6A. At each annual meeting of stockholders at which one or more Public Directors are to be elected, the stockholders entitled to vote thereon shall elect as Public Director(s) such person(s), not affiliated with any national securities exchange or national securities association or with any broker or dealer in securities, as the Executive Chairman, with the approval of the Board of Directors, shall have nominated. Beginning with the 2012 annual meeting, the Public Directors shall be divided into three classes, designated as Class I, Class II and Class III, respectively, each composed of one member. The Public Director elected at the 2011 annual meeting will be designated as a Class II Public Director, and the initial Class I Public Director and the initial Class III Public Director will be elected at the 2012 annual meeting. The successor of the initial Class I Public Director shall be elected at the 2013 annual meeting of stockholders the successor of the initial Class II Public Director at the 2014 annual meeting and the successor of the initial Class III Public Director at the 2015 annual meeting. Except as provided in the preceding sentence of this Section 6A for the initial Class I Public Director, each Public Director shall serve until the third annual meeting of stockholders following such Director's election and until a successor is elected and qualified, or until the earlier death, disqualification, resignation, or removal of such Director. No person shall be eligible to serve as a Public Director for more than two consecutive three-year terms.

... Interpretations and Policies:

.01 Fitness Standards

The Executive Chairman and the Board of Directors shall use the criteria of the Fitness Standards for Directors, Clearing Members and Others, as adopted or amended by the Board of Directors from time to time, in considering Public Director nominees for election to the Board.

Management Directors

SECTION 7. The Executive Chairman of the Corporation and the President of the Corporation, by virtue of holding their respective offices, shall be elected as Management Directors by the stockholders at each annual meeting of the stockholders. Each Management Director shall serve until the annual meeting of stockholders following his election or appointment as Management Director, and until his successor is elected and appointed and qualified, or until his earlier death, disqualification, resignation or removal. If a Management Director shall cease to hold the office by virtue of which he was elected as a Management Director, he shall simultaneously be disqualified to serve as a Management Director.

... Interpretations and Policies:

.01 Fitness Standards

The Board of Directors shall use the criteria of the Fitness Standards for Directors, Clearing Members and Others, as adopted or amended by the Board of Directors from time to time, in considering nominees for election as Executive Chairman or President of the Corporation.

* * *

Committees

SECTION 9. On an annual basis, the Board of Directors shall appoint a [Membership/]Risk Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board of Directors. The [Membership/]Risk Committee shall consist of the Executive Chairman of the Board, the Member Vice Chairman, at least three other Member Directors selected on a basis that shall not discriminate against any Exchange, and one or more Public Directors nominated by the Executive Chairman of the Board and approved by the Board of Directors. The Chairman of the [Membership/]Risk Committee shall be a Public Director. If there are two or more Public Directors on the [Membership/]Risk Committee, the Executive Chairman of the Board shall nominate, subject to the approval of the Board of Directors, one of the Public Directors to serve as the [Membership/]Risk Committee Chairman.

[No change to the remainder of Section 9.]

Resignations

SECTION 10. A director or a member of the Nominating Committee may resign at any time by giving written notice of resignation to the Executive Chairman or to the Secretary;

provided, however, that in the event a Management Director resigns, he must simultaneously resign as the Executive Chairman or President of the Corporation, as applicable. A resignation, unless specifically contingent upon its acceptance, will be effective as of its date or as of the effective date specified therein.

* * *

Filling of Vacancies and Newly Created Directorships

SECTION 12. A vacancy occurring for any reason among the Member Directors of any Class shall be filled by a majority of the directors then in office, even though they may be less than a quorum, and the person appointed to fill such vacancy shall serve until the next election of such Class and until a successor shall be elected and qualified; provided that in the case of a Class whose term extends beyond the next annual meeting, the vacancy shall be filled by the appointment of a person recommended by the Nominating Committee. A vacancy or newly created directorship occurring for any reason among the Exchange Directors shall be filled by the Exchange entitled to elect such Exchange Director. A vacancy occurring for any reason among the Public Directors shall be filled by a majority of the directors then in office, even though they may be less than a quorum, with a person, not affiliated with any national securities exchange or national securities association or with any broker or dealer in securities, selected as provided in Section 6A of this Article III, and the person appointed to fill such vacancy shall serve for the remainder of the predecessor's term of office and until a successor shall be elected and qualified. A vacancy occurring for any reason in either position of Management Director shall be filled by a majority of the directors then in office, even though they may be less than a quorum, only with the person elected or appointed to fill the office of Executive Chairman or President of the Corporation, whichever office was held by the person whose position was vacated. A vacancy occurring for any reason among the Non-Director Members of the Nominating Committee shall be filled by a majority of the directors then in office, even though they may be less than a quorum, with a person who is qualified under Section 4 of this Article III to serve as a Non-Director Member of the Nominating Committee. A vacancy occurring for any reason in the position of Public Director member of the Nominating Committee shall be filled by a majority of the directors then in office, even though they may be less than a quorum, with a person selected as provided in Section 4 of this Article III.

* * *

Meetings

SECTION 14. Regular meetings of the Board of Directors shall be held at such times and at such places as shall from time to time be provided by resolution of the Board of Directors, without notice other than such resolution. Special meetings of the Board of Directors to be held on a business day may be called by the Executive Chairman at any time and shall be called by the Secretary upon the written request of not less than three directors. At least one hour's notice of any special meeting shall be given to each director either in writing, in person, by telephone or by telegram; provided that the Secretary shall use reasonable efforts to give notices in person or by telephone if less than two days' notice is given. Any action taken at such special meeting

called on less than two days' notice shall not remain in effect after the next regular meeting of the Board of Directors unless ratified by the Board of Directors at such regular meeting; provided, however, that nothing herein shall invalidate any acts of the Corporation taken in reliance upon the action of the Board of Directors at such special meeting, nor shall the rights of any person which arise out of action taken by the Board of Directors at such special meeting be affected as a result of the failure of the Board of Directors subsequently to ratify such action at a regular meeting. Neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in any notice of such meeting.

Emergency Powers

SECTION 15. (a) During any emergency which results, directly or indirectly, from an attack (including a terrorist attack) on the United States or on a locality in which the Corporation maintains an office or customarily holds meetings of the Board of Directors, or from a war, armed hostilities, insurrection or other calamity involving the United States or any such locality, or from any nuclear or atomic disaster, or from any other catastrophe, disaster, (including any environmental or natural disaster), communications systems failure, or other similar condition, in which a quorum (as specified in Article III of the By-Laws) of the Board of Directors or a standing committee thereof cannot readily be convened for action (an "Emergency"), the following provisions of this Section 15 shall be operative notwithstanding any other provision in any of the sections (other than Section 110) of the Delaware Corporation Law or in the Certificate of Incorporation, By-Laws or Rules of the Corporation. The Executive Chairman or the President or, if it is not feasible for the Executive Chairman or the President to take such action, then the Management Vice Chairman or, if it is not feasible for the Management Vice Chairman to take such action, then a Designated Officer is authorized to declare the existence of such Emergency and to declare this By-Law to be in effect. The Executive Chairman or the President, the Management Vice Chairman, or such Designated Officer, shall use his best efforts to attempt to consult with officials of the Securities and Exchange Commission ("SEC") prior to declaring the existence of such Emergency; provided, however, that the authority contained herein shall not be conditioned by such consultation. The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of the declaration of an Emergency and the reasons therefor, and a record of such declaration shall be prepared and maintained in the records of the Corporation.

(b) During an Emergency, special meetings of the Board of Directors or a committee thereof may be called by the Executive Chairman, the President, the Management Vice Chairman, or by a Designated Officer of the Corporation at any time. At least thirty minutes notice of any such special meeting shall be given to such of the directors as it may be feasible to reach at the time by such means as may be deemed feasible at the time by the Executive Chairman, the President, the Management Vice Chairman, or the Designated Officer calling such meeting. Neither the business to be transacted nor the purpose of any such meeting need be specified in the notice thereof.

(c)-(d) [no change]

(e) In the event the Executive Chairman, the Management Vice Chairman or the President is authorized or directed by the By-Laws, the Rules, any resolution of the Board of Directors or a committee thereof, or any agreement to which the Corporation is a party to take any action, and it is not feasible for such officer to take such action, then such action may be taken by one of the others, and if it is not feasible for any of them to take such action, then such action may be taken by a Designated Officer in the order of priority provided in the resolution of the Board of Directors approving such list.

(f) [no change]

ARTICLE IV

Officers

Selection by Board of Directors

SECTION 1. An Executive Chairman of the Board and a President, who shall each by virtue of his office be a Management Director of the Corporation, shall be elected by the Board of Directors from among the full-time employees of the Corporation. A Vice Chairman of the Board shall be elected by the Board of Directors from among the Member Directors. Such Vice Chairman shall be referred to as the Member Vice Chairman. The Board of Directors shall also elect a Secretary and a Treasurer, none of whom need be a member of the Board of Directors at the time of such election. The Board of Directors may, but need not, elect a Management Vice Chairman or one or more Vice Presidents or such other officers as it may from time to time determine are required for the efficient management and operation of the Corporation. An officer shall hold his office for one year and until his successor is elected and qualified or until his earlier death, resignation or removal. Two or more offices may be held by the same person except the offices of Executive Chairman of the Board, President and Member Vice Chairman.

Appointment by Executive Chairman or President

SECTION 2. The Executive Chairman may appoint such officers, in addition to those elected by the Board of Directors, and such agents as he shall deem necessary or appropriate to carry out the functions assigned to him, and the President may appoint such officers, in addition to those elected by the Board of Directors, and such agents as he shall deem necessary or appropriate to carry out the functions assigned to him, in each case who shall hold their respective positions for such terms and shall exercise such powers and perform such duties as determined from time to time by the Executive Chairman or President, as applicable; provided that only the Board of Directors may elect an Executive Chairman, President, Management Vice Chairman, Secretary or Treasurer of the Corporation.

Removal

SECTION 3. Any officer may be removed by the Board of Directors at any time with or without cause. Any officer or agent appointed by the Executive Chairman may be removed by

the Executive Chairman and any officer or agent appointed by the President may be removed by the President, in either case at any time with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person removed.

* * *

Executive Chairman of the Board

SECTION 6. (a) The Executive Chairman of the Board shall be an Executive Chairman responsible for the control functions of the Corporation including enterprise risk management, internal audit and compliance, and external affairs, and shall have supervision of the officers and agents appointed by him. Subject to the provisions of these By-Laws and the Rules, the Executive Chairman shall have the authority to suspend Clearing Members. The Executive Chairman shall preside at all meetings of the Board of Directors and the stockholders.

(b) Subject to the subsequent ratification by, and any specific instructions of, the Board of Directors, the Executive Chairman, or a proxy appointed by him, shall have full power and authority, in the name of and on behalf of the Corporation, to vote at his discretion stock of wholly owned subsidiaries of the Corporation, except to the extent that such authority shall be withheld or vested in a different officer or agent of the Corporation by the Board of Directors.

Vice Chairmen of the Board

SECTION 7. (a) The Management Vice Chairman, if elected and serving, shall preside at meetings of the Board of Directors and the stockholders in the absence or disability of the Executive Chairman. In addition, in the absence or disability of the Executive Chairman, the Management Vice Chairman shall fulfill all of the other duties and have all of the other powers of the Executive Chairman.

(b) The Member Vice Chairman shall preside at the meetings of any committee of the Board of Directors charged with the responsibility for evaluating the performance of the Corporation and the compensation of the officers of the Corporation. In addition, in the absence or disability of the Executive Chairman, the President and the Management Vice Chairman (if a Management Vice Chairman shall have been elected), the Member Vice Chairman shall preside at meetings of the Board of Directors and the stockholders.

President

SECTION 8. The Board of Directors shall elect a President of the Corporation who shall be its Chief Executive Officer. The President shall be responsible for all aspects of the business of the Corporation that do not report directly to the Executive Chairman, shall administer the day to day affairs and business of the Corporation in accordance with the directions of the Executive Chairman and shall have supervision of the officers and agents appointed by him. In the absence or disability of the Executive Chairman and the Management Vice Chairman, the President shall fulfill the duties and have the powers of the Executive Chairman, including presiding at meetings of the Board of Directors or the stockholders.

Vice Presidents

SECTION 9. To the extent such offices are filled by the Board of Directors, the Executive Chairman or the President, the Vice Presidents shall perform the respective duties and exercise the respective powers assigned to them by the Board of Directors or the Executive Chairman or President, as applicable. In the absence or disability of the Executive Chairman, the Management Vice Chairman (if elected and serving), and the President, the Vice Presidents shall, in the order of their seniority or such order as may have been specified by the Board of Directors, the Executive Chairman or the President at the time of their election, perform the duties and exercise the powers of the Executive Chairman and the President, except that no Vice President shall preside at meetings of the Board of Directors or the stockholders.

* * *

Salaries

SECTION 13. The salary, if any, of those officers elected by the Board of Directors shall be fixed by the Board of Directors, and (subject to any contrary action taken by the Board of Directors) the salary, if any, of all other officers, agents and employees appointed by the Executive Chairman shall be fixed by the Executive Chairman and all other officers, agents and employees appointed by the President shall be fixed by the President. Members of the Board of Directors other than full-time employees of the Corporation shall be entitled to compensation for their services as directors at such rates as the Board of Directors may from time to time determine. Members of the Board of Directors may be reimbursed for their reasonable expenses in attending meetings of the Board of Directors or any Committee thereof.

ARTICLE V

Clearing Members

Qualifications

SECTION 1. [no change]

...Interpretations and Policies:

.01 Financial Responsibility

The [Membership/]Risk Committee will not recommend the approval of any application for clearing membership if:

a. – d. [no change]

.02 Operational Capability

The [Membership/]Risk Committee will not recommend the approval of any application for clearing membership unless:

a. [no change]

b. the applicant employs personnel and utilizes procedures which, in the opinion of the [Membership/]Risk Committee, are operationally sufficient to enable the applicant to discharge its functions as a Clearing Member in a timely and efficient manner, including the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation, and the ability to participate in applicable default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations;

c. the applicant's Designated Examining Authority (or designated self-regulatory organization, in the case of an applicant primarily regulated as a futures commission merchant) has stated that it has no objections to the application for clearing membership; provided that, upon the written request of an applicant, the [Membership/]Risk Committee may, in exceptional cases and where good cause is shown, waive the foregoing requirement.

.03 Experience and Competence

The [Membership/]Risk Committee has discretion not to recommend, and will not recommend if so ordered by the SEC, the approval of any application for clearing membership if:

a. – b. [no change]

c. the applicant lacks substantial experience in clearing the kind(s) of cleared contracts that the applicant proposes to clear or related kinds of transactions (e.g., stock transactions where the applicant proposes to clear physically-settled options or futures on individual stocks or futures transactions where the applicant proposes to clear futures options), and has failed, in the opinion of the [Membership/]Risk Committee, to employ back-office personnel with sufficient experience to compensate for the applicant's lack of such experience.

The terms "associated person" and "person associated with an applicant" as used in these Interpretations and Policies means any partner, officer, director, or branch manager of such applicant (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such applicant, or any employee of such applicant.

In respect of clause (a) above, the applicant must notify the Corporation in writing if the applicant is or becomes subject to a statutory disqualification as soon as practicable upon learning of such statutory disqualification and in any event within 5 business days. The applicant must provide the Corporation with any information and forms, including amendments

thereto, related to the statutory disqualification provided to the SEC, the CFTC or any self-regulatory organization, including, as applicable, any amended Form BD, Financial Industry Regulatory Authority (“FINRA”) Form MC-400A, and any written response to a National Futures Association (“NFA”) Rule 504 Notice of Intent or other written request for relief addressed to a self-regulatory organization. Applicants that are not members of NFA or FINRA must provide to the [Membership/]Risk Committee, at a minimum, the information required by FINRA Form MC-400A in addition to any forms or written responses filed with any self-regulatory organization or regulatory agency with respect to a statutory disqualification or similar provision of the laws or regulations applicable to such applicant. If an applicant fails to provide the notice required by this paragraph, the [Membership/]Risk Committee has discretion not to recommend the approval of such applicant’s application for clearing membership.

* * *

If an applicant elects to use an associated person to satisfy the requirements of the foregoing clauses applicable to such applicant, that associated person shall be a full-time employee of the applicant. The [Membership/]Risk Committee may exempt from the applicable requirements of the foregoing clauses any applicant for clearing membership which entered into a facilities management agreement in accordance with Interpretation and Policy .05 below. Upon the written request of an applicant, the [Membership/]Risk Committee may, in exceptional cases and where good cause is shown, waive the foregoing requirements and accept other standards as evidence of an applicant's experience in clearing securities, futures options, commodity options or futures transactions.

In addition, the [Membership/]Risk Committee will not recommend the approval of any application for clearing membership unless:

d. at least two key operations employees of the applicant who shall be full-time employees of such applicant have attended all applicable OCC operations readiness review sessions and successfully completed any applicable OCC operational and financial examinations for operations employees, provided that the [Membership/]Risk Committee may, upon the applicant’s written request, waive the requirement that the operations employees be full-time employees of the applicant if the applicant’s daily operations are conducted by staff employed on a full-time basis by an entity affiliated with the applicant; and

e. if the applicant has not applied for authorization to clear all types of transactions (i.e., customer transactions, firm transactions, market-maker and JBO Participant transactions), or all kinds of transactions (e.g., transactions in stock options, Treasury securities options, foreign currency options, cross-rate foreign currency options, cash-settled options, futures options, commodity options and futures), or has not applied to carry positions in its accounts on a routine basis, or has not applied to be a Market Loan Clearing Member or a Hedge Clearing Member, the applicant shall have undertaken to apply to the [Membership/]Risk Committee for further approval before commencing to clear any type or kind of transaction for which approval is not currently being sought, before carrying positions in its accounts on a routine basis, or before

participating in the Market Loan Program or the Stock Loan/Hedge Program, as applicable.

In the event that expedited treatment is requested for an application submitted pursuant to clause (e) above, the Executive Chairman, the Management Vice Chairman, or the President shall have the authority to approve or disapprove such application on a temporary basis. Thereafter, at the next scheduled meeting of the [Membership/]Risk Committee, the [Membership/]Risk Committee shall independently review the submitted application and shall determine de novo whether to approve or disapprove such application. Should the [Membership/]Risk Committee's determination result in the modification or reversal of the action taken by the Executive Chairman, the Management Vice Chairman, or the President, any acts taken by the Corporation prior to such modification or reversal shall not be invalidated nor shall any rights of any person arising out of such acts be affected.

.04 Fitness Standards

In addition to the standards of financial responsibility, operational capability and experience and competence, the [Membership/]Risk Committee shall consider the criteria of the Fitness Standards for Directors, Clearing Members and Others, as adopted or amended by the Board of Directors from time to time, before recommending the approval of any application for clearing membership.

.05 Facilities Management

In determining whether the requirements of Sections .02, .03c, .03d, and .03e of this Interpretation have been satisfied by an applicant, the [Membership/]Risk Committee will consider the provisions of a written agreement ("facilities management agreement") between the applicant and another Clearing Member ("Managing Clearing Member"), approved by the Corporation, pursuant to which the Managing Clearing Member agrees to perform certain of the applicant's obligations as a Clearing Member for (i) the transaction of business with the Corporation and other Clearing Members and (ii) the maintenance of required books and records. The Corporation shall not approve a facilities management agreement in which a Clearing Member acts as Managing Clearing Member, and such facilities management agreement shall be of no force or effect, unless:

a. The agreement clearly sets forth the specific facilities management services (the "managed services") which are to be performed by the Managing Clearing Member on behalf of a Clearing Member (the "Managed Clearing Member") and the respective duties and obligations of the Managing Clearing Member and Managed Clearing Member. The [Membership/]Risk Committee will not approve any application for membership unless the applicant demonstrates in accordance with this Interpretation that it has the operational capability, experience and competence to perform those duties and obligations which are not required under the terms of the agreement to be performed by the Managing Clearing Member.

b. – c. [no change]

.06 Additional Membership Criteria

If the [Membership/]Risk Committee determines that the applicant's financial or operational condition, in relation to the business that the applicant is expected to transact with the Corporation, makes it necessary or advisable, for the protection of the Corporation, Clearing Members, or the general public, the [Membership/]Risk Committee may recommend to the Board of Directors that (i) additional financial requirements be imposed on an applicant for clearing membership, including, but not limited to, requiring such applicant to increase its net capital or to make and maintain an initial margin deposit, or (ii) restrictions be imposed on the applicant's clearance of confirmed trades. The Board of Directors shall independently review such recommendation and shall determine in its discretion whether to impose such requirements or restrictions. Additional requirements or restrictions imposed pursuant to this Section shall remain in force for the period determined by the Board of Directors, but in any event not later than the end of the first three calendar months commencing after the applicant's admission to clearing membership. The imposition of additional requirements or restrictions pursuant to this Section shall not preclude the Corporation from imposing contemporaneous requirements or restrictions pursuant to other provisions of the By-Laws and Rules, including without limitation, Rule 305.

.07 - .11 [no change]

Admission Procedure

SECTION 2. Applications for clearing membership shall be in such form and contain such information as the Corporation shall from time to time prescribe. The [Membership/]Risk Committee shall review applications for clearing membership and shall recommend, approval or disapproval to the Board of Directors. The [Membership/]Risk Committee or the Board of Directors, or their designated delegates or agents, may examine the books and papers of any applicant, take such evidence as they may deem necessary or employ such other means as they may deem desirable or appropriate to ascertain relevant facts bearing upon the applicant's qualifications. If the [Membership/]Risk Committee proposes to recommend to the Board of Directors that an application for clearing membership be disapproved, it shall first furnish the applicant with a written statement of its proposed recommendation and the specific grounds therefor, and afford the applicant an opportunity to be heard and to present evidence on its own behalf. If the applicant fails to request a hearing within such reasonable time as the [Membership/]Risk Committee may prescribe; or if, after a hearing, the [Membership/]Risk Committee still proposes to recommend disapproval, the [Membership/]Risk Committee shall make its recommendation to the Board of Directors in writing, accompanied by a statement of the specific grounds therefor, and a copy thereof shall be furnished to the applicant on request. The Board of Directors shall independently review any recommendation by the Committee, and may, in its discretion, if the applicant so requests, afford the applicant a further opportunity to be heard and to present evidence. If the Board of Directors disapproves the application, written notice of its decision, accompanied by a statement of the specific grounds therefor, shall be mailed or delivered to the applicant. An applicant shall have right to present such evidence as it

may deem relevant to its application. A verbatim record shall be kept of any hearing held pursuant hereto.

Conditions to Admission

SECTION 3. [no change]

...Interpretations and Policies

.01 Each applicant that has been approved for clearing membership subject to satisfaction of specified conditions shall meet all conditions applicable to its admission within six months from the date on which its application was approved, unless the Board of Directors prescribed an earlier date at the time the applicant was approved for clearing membership. In the event that an applicant fails to meet such conditions within the applicable time period, the approval of the application shall be deemed withdrawn and the application shall be deemed to have lapsed, unless the Corporation shall determine to extend the deadline for fulfilling such conditions. Any applicant seeking an extension under this paragraph shall submit a written request to the Secretary, specifying in detail any material changes that have occurred in applicant's financial condition, operational capability and experience and competence in clearing securities transactions from the date on which its application for clearing membership was approved by the Board of Directors. The Executive Chairman, the Management Vice Chairman, or the President shall have the authority to approve or disapprove the applicant's request for an extension, which shall be communicated in writing to the applicant. In no event may that deadline be extended beyond one year from the date the application originally was approved.

ARTICLE VI

Clearance of Confirmed Trades

* * *

Adjustment Policies and Procedures

SECTION 11. (a)-(b) [no change]

(c) The composition and manner of acting of the Securities Committee and panels comprised of representatives of Securities Exchanges that have authority under the By-Laws and Rules to make certain determinations with respect to cleared contracts shall be as set forth below, unless otherwise provided in the By-Laws and Rules of the Corporation:

(1) The Securities Committee shall consist of one designated representative of each Securities Exchange and the Executive Chairman of the Corporation. The Executive Chairman of the Corporation shall not be a voting member of the Committee or of any panel except in the case of a tie vote, in which case the Executive Chairman shall have the right to cast a vote to break the tie and shall, for such purpose, be deemed to be a voting member.

(2)-(3) [no change]

(4) Notwithstanding the foregoing provisions of this Section 11 or any other requirements of the By-Laws and Rules, the Executive Chairman of the Corporation may designate any other representative of the Corporation, and any representative of an Exchange may designate any other representative of such Exchange, to serve in his place at any meeting of the Securities Committee or of any panel. In the event of such designation, the designee shall, for the purposes of such meeting, have all of the powers and duties under this Section 11 of the person designating him. Neither the Corporation nor any Exchange shall designate to serve on any panel (i) any Exchange member or Clearing Member, or any director, officer, partner, or employee of any Exchange member or Clearing Member, or (ii) any person who, to the knowledge of the self-regulatory organization designating such person, is the beneficial holder of a long or short position in the cleared contracts as to which such panel is to make a determination.

(5) [no change]

* * *

Exercise Restrictions

SECTION 17. (a) – (b) [no change]

...Interpretations and Policies

.01 The Executive Chairman, the Management Vice Chairman, the President, or the delegatee of any of the foregoing shall have the authority to act on behalf of the Corporation in imposing exercise restrictions pursuant to this Section 17(b).

* * *

ARTICLE VIIA

Equity Exchanges

* * *

Stockholders Agreement

SECTION 3. Prior to becoming a participant Exchange, each Equity Exchange entered into a Stockholders Agreement with the Corporation and each of the other Equity Exchanges, which agreement provides, among other things, that the shares of Common Stock acquired by that Exchange (i) shall be voted in favor of the Member Directors and members of the Nominating Committee as provided in Section 5 of Article III, one or more Public Directors as provided in

Section 6A of Article III, and the Management Directors as provided in Section 7 of Article III and that the Exchange shall give its irrevocable proxy to the members of the Nominating Committee to vote its shares in such manner in the election of Member Directors, Public Directors, and the Management Directors; (ii) shall not be pledged, hypothecated or otherwise encumbered in any manner whatsoever; and (iii) shall not, except as otherwise provided therein, be sold, assigned, transferred or otherwise disposed of except after first offering all such shares to the Corporation for an aggregate price determined and payable as therein set forth.

* * *

ARTICLE VIIB

Non-Equity Exchanges

Qualifications

SECTION 1. [no change]

...Interpretations and Policies

.01 Non-Equity Exchanges will be promptly provided with information that the Executive Chairman considers to be of competitive significance to such Non-Equity Exchanges that was disclosed to Exchange Directors at or in connection with any meeting or action of the Board of Directors or any Committee of the Board of Directors.

.02 [no change]

* * *

ARTICLE VIII

Clearing Fund

* * *

Form of Contributions

SECTION 3. (a) Contributions to the Clearing Fund shall be in cash or in Government securities. Government securities shall be valued at (1) 99.5% of the current market value for maturities less than one year; (2) 98% of the current market value for maturities between one and five years; (3) 96.5% of the current market value for maturities between five and ten years; and (4) 95% of the current market value for maturities in excess of ten years. For the purposes of this Section, the current market value of Government securities shall be determined by the Corporation at such intervals as the [Membership/Risk Committee shall from time to time prescribe, but not less often than monthly, on the basis of the quoted bid price therefor supplied

by a source designated by the Corporation. Contributions of Government securities shall be deposited by the Clearing Member in an account of the Corporation in an approved depository in the name of the Corporation or by such other method as the Corporation may from time to time approve. Any interest or gain received or accrued on such securities shall belong to the contributing Clearing Member, and any interest on, or proceeds from the maturity of, such securities received by the Corporation shall be credited by the Corporation to an account of the Clearing Member on the records of the Corporation.

(b) [no change]

* * *

Application of Clearing Fund

SECTION 5. (a)-(d) [no change]

(e) If (i) the Corporation deems it necessary or advisable to borrow or otherwise obtain funds from third parties in order to meet obligations arising out of the default or suspension of a Clearing Member or any action taken by the Corporation in connection therewith pursuant to Chapter XI of the Rules or otherwise; or (ii) the Corporation sustains a loss reimbursable out of the Clearing Fund pursuant to paragraph (b) but elects to borrow or otherwise obtain funds from third parties in lieu of immediately charging such loss to the Clearing Fund; and in either case the Corporation determines that it will be unable to borrow or otherwise obtain such funds on acceptable terms on an unsecured basis; then the Corporation may take possession of cash or securities deposited by Clearing Members as contributions to the Clearing Fund and securities in which cash contributions to the Clearing Fund have been invested by the Corporation and use such assets to borrow or otherwise obtain funds through any means determined to be reasonable by the Executive Chairman, the Management Vice Chairman, or the President of the Corporation in his discretion (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions); provided, in the case of any transaction effected under the circumstances specified in clause (i) above, that the funds obtained through such transaction will be used solely for the purposes described in clause (i). The funds obtained by the Corporation pursuant to this paragraph (e), irrespective of how such funds are applied, shall not be deemed to be charges against the Clearing Fund for a period not to exceed thirty days, and, during said period, shall not affect the amount or timing of any charges otherwise required to be made against the Clearing Fund pursuant to this Section. If all or a part of any transaction effected by the Corporation pursuant to this paragraph (e) remains outstanding after thirty days, the Corporation, at the close of business of the thirtieth day (or on the first Business Day thereafter), shall consider the amount of Clearing Fund assets used to support the Corporation's obligations under the outstanding transaction as an actual loss to the Clearing Fund and immediately allocate such loss in accordance with this Section.

(f)-(g) [no change]

* * *

ARTICLE IX

General Provisions

* * *

Certificates for Shares

SECTION 12. Certificates representing shares of the Corporation shall be in such form and shall bear such legends as may be determined by the Board of Directors. Such certificates shall be signed by the Executive Chairman, the Management Vice Chairman, President or a Vice-President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and the date of issue, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in the case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

* * *

Suspension of Rules in Emergency Circumstances

SECTION 14. (a) The Corporation's By-Laws, Rules, policies and procedures, or any other rules issued by the Corporation may be waived or suspended, or any time fixed thereby for the doing of any act or acts may be extended, by the Board of Directors, the Executive Chairman, Management Vice Chairman, or the President whenever, in his, her, or their judgment (i) an emergency exists and (ii) such suspension, waiver or extension is necessary or advisable for the protection of the Corporation or otherwise in the public interest in order for the Corporation to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If such determination is made other than by the Board of Directors, then notice must be given to the Board of Directors as soon as practicable.

(b)-(c) [no change]

* * *

ARTICLE XIV

Binary Options; Range Options

* * *

Unavailability or Inaccuracy of Final Underlying Interest Value

SECTION 5. (a) [no change]

(b) In the case of a binary option or range option that is traded on a Securities Exchange, determinations by the Corporation under this Section 5 shall be made by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. In the case of a binary option or range option that is not traded on a Securities Exchange, determinations under this Section 5 shall be made by the Corporation alone. The panel (or the Corporation, if there is no panel) shall fix the underlying interest value based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of the affected series, the maintenance of a fair and orderly market in the affected series, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel or the Corporation may fix the underlying interest value using: (i) the reported price or value for the relevant underlying interest or index component at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a price or value was reported by the reporting authority; (ii) the reported price or value for the relevant underlying interest or index component at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening price or value is reported by the reporting authority; or (iii) a price or value for the relevant underlying interest or index component at such other time, or representing a combination or average of prices or values at such time or times, as the panel or the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination of a panel or the Corporation pursuant to this Section 5 shall be within the sole discretion of such panel or the Corporation, as the case may be, and shall be conclusive and binding on all investors and not subject to review.

(c) [no change]

* * *

ARTICLE XVI

Yield-Based Treasury Options

* * *

Unavailability or Inaccuracy of Settlement Value of Underlying Yield

SECTION 4. (a)(1) [no change]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. The exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. The panel shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series of options, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel may fix the exercise settlement amount using: (i) the reported value of the underlying yield at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a value was reported by the reporting authority; (ii) the reported value of the underlying yield at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening value is reported by the reporting authority; or (iii) a value for the underlying yield at such other time, or representing a combination or average of values at such time or times, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination of a panel convened pursuant to this Section shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(3) [no change]

(b) [no change]

* * *

ARTICLE XVII

Index Options and Certain Other Cash-Settled Options

* * *

Unavailability or Inaccuracy of Current Underlying Interest Value

SECTION 4. (a) [no change]

(1) [no change]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. In the case of cash-settled securities options other than OTC index options, the exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. In the case of OTC index options or cash-settled commodity options, unless the By-Laws or Rules specifically provide otherwise in respect of a particular class of such options, the exercise settlement amount shall be fixed by the Corporation. The Corporation will consult with the [Membership/]Risk Committee when appropriate to obtain any additional or supplemental market information or data from the members of such committee that the Corporation believes will be useful in setting such exercise settlement value. The panel (or the Corporation, as the case may be) shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series of options, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel (or the Corporation) may fix the exercise settlement amount using: (i) the reported price or value for the relevant security(ies), commodity(ies) or underlying interest at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a price or value was reported by the reporting authority; (ii) the reported price or value for the relevant security(ies), commodity(ies) or underlying interest at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening price or value is reported by the reporting authority; or (iii) a price or value for the relevant security(ies), commodity(ies) or underlying interest at such other time, or representing a combination or average of prices or values at such time or times, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of an adjustment panel, the voting rights of members of adjustment panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination pursuant to this Section shall be within the sole discretion of the Corporation or the panel making such determination, as the case may be, and shall be conclusive and binding on all investors and not subject to review.

(3) [no change]

(b) [no change]

* * *

ARTICLE XXII

Cash-Settled Foreign Currency Options

* * *

Unavailability or Inaccuracy of Spot Price

SECTION 4. (a)(1) [no change]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. The exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. The panel shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel may fix the exercise settlement amount using: (i) the reported price of the underlying currency at the close of regular trading hours for options on the affected series (as determined by the Corporation) on the last preceding trading day for which such a price was reported by the reporting authority; (ii) the reported price of the underlying currency at the opening of regular trading hours for options on the affected series (as determined by the Corporation) on the next trading day for which such a price is reported by the reporting authority; or (iii) the price of the underlying currency at such other time, or representing a combination or average of prices or quotations at such time or times, and reported in such manner, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination of a panel convened pursuant to this Section shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(3) [no change]

(b) [no change]

* * *

ARTICLE XXIII

Flexibly Structured Index Options Denominated in a Foreign Currency

* * *

Unavailability or Inaccuracy of Current Index Value

SECTION 5. (a)(1) [no change]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. The exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. The panel shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of affected option contracts, the maintenance of a fair and orderly market in such options, and consistency of interpretation and practice. Without limiting the generality of the foregoing, the panel may, if it deems such action appropriate for the protection of investors and the public interest, fix the exercise settlement amount on the basis of the reported level of the underlying index at the close of trading on the last preceding trading day for which a closing index level was reported by the reporting authority. The provisions of Article VI, Section 11(k)³ of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination of a panel convened pursuant to this Section shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(b) [no change]

* * *

ARTICLE XXIV

BOUNDs

* * *

Unavailability of Closing Price

SECTION 6. (a)(1) [no change]

(2) The Corporation may fix the Closing Price for BOUNDs contracts of an affected series. The Closing Price shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the Executive Chairman of the Corporation. The panel shall fix the Closing Price based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such

³ Upon implementation of SR-OCC-2013-05, which has been approved by the Commission, this cross-reference will change to Article VI, Section 11(c). *See* Exchange Act Release No. 34-369977 (July 11, 2013), 78 FR 137 (July 17, 2013), (SR-OCC-2013-05).

factors as fairness to holders and writers of affected BOUNDS contracts, the maintenance of a fair and orderly market in such contracts, and consistency of interpretation and practice. Without limiting the generality of the foregoing, the panel may, if it deems such action appropriate for the protection of investors and the public interest, fix the Closing Price on the basis of the price at the close of trading on the last preceding trading day for which a Closing Price was reported by the primary market. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the Executive Chairman of the Corporation and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this subparagraph. Every determination of a panel convened pursuant to this subparagraph shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(b) [no change]

* * *

RULES

* * *

CHAPTER II

Miscellaneous Requirements

* * *

Financial and Operational Personnel

RULE 214. (a) [no change]

(b) Notwithstanding paragraph (a) of this Rule 214, the [Membership/]Risk Committee may exempt from the requirements of this Rule any Clearing Member which is a "Managed Clearing Member," as that term is defined in Rule 309. Additionally, upon the written request of a Clearing Member, the [Membership/]Risk Committee may, in exceptional cases and where good cause is shown, waive the foregoing requirements and accept other standards as evidence of a Clearing Member's experience in clearing securities or futures transactions.

(c) – (d) [no change]

...Interpretations and Policies:

.01 [no change]

.02 Should a separation occur between the only associated person who meets the requirements of this Rule and the Clearing Member, such Clearing Member shall have three months from the effective date of the separation to comply with this Rule. The Clearing Member shall give the Corporation prompt written notice of such a separation. In the event that a Clearing Member has not complied with the requirements of the first sentence of this paragraph, the [Membership/]Risk Committee, in its discretion, may: (1) require such Clearing Member to execute a facilities management agreement that will be in effect until such time that the Clearing Member does comply; or (2) require such Clearing Member to make additional Clearing Fund deposits and/or margin deposits, in such amounts as the [Membership/]Risk Committee shall determine, for the protection of the Corporation, other Clearing Members or the public.

* * *

CHAPTER III

Financial Requirements

* * *

Restrictions on Certain Transactions, Positions and Activities

RULE 305. (a) If the Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall at any time determine that the financial or operational condition of a Clearing Member makes it necessary or advisable, for the protection of the Corporation, other Clearing Members, or the general public, to impose restrictions on such Clearing Member's positions and stock loan and borrow positions with the Corporation, such officer shall have the authority (i) to prohibit or to impose limitations on the clearance of opening purchase transactions or opening writing transactions by such Clearing Member, (ii) to require such Clearing Member to reduce or eliminate existing unsegregated long positions or short positions in such Clearing Member's accounts with the Corporation, (iii) to require such Clearing Member to hedge existing unsegregated long positions or existing short positions for which a deposit in lieu of margin has not been made in accordance with the Rules in such Clearing Member's accounts with the Corporation, (iv) to prohibit or to impose limitations on the acceptance by the Corporation of Stock Loans entered into by such Clearing Member, (v) to require such Clearing Member to reduce or eliminate existing stock loan positions or stock borrow positions in such Clearing Member's accounts with the Corporation, (vi) to require such Clearing Member to hedge existing stock loan positions or stock borrow positions, and/or (vii) to require such Clearing Member to transfer any account maintained by such Clearing Member with the Corporation, any position or stock loan or borrow position maintained in any such account, or any account carried by such Clearing Member, to another Clearing Member.

(b) If the Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall at any time determine that the financial or operational condition of a Clearing Member makes it necessary or advisable, for the protection of the Corporation, other Clearing Members, or the general public, to impose restrictions on such Clearing Member's facilities

management activities or activities as an Appointed Clearing Member, such officer shall have the authority to prohibit such Clearing Member from engaging in such activities or to impose such limitations on such activities as such officer deems necessary or appropriate in the circumstances.

(c) Any action taken by the Executive Chairman, the Management Vice Chairman, or the President with respect to a Clearing Member pursuant to paragraph (a) or (b) shall be subject to review by the [Membership/]Risk Committee of the Corporation upon submission by the Clearing Member of a request for review to the Secretary of the Corporation within five business days of the date such action is taken. The [Membership/]Risk Committee shall schedule an early hearing. The Clearing Member shall be given not less than one day's notice of the place and time of such hearing. At the hearing, the Clearing Member shall be afforded an opportunity to be heard and to present evidence in its behalf and may be represented by counsel. A verbatim record of the hearing shall be prepared and the cost of the transcript may, in the discretion of the [Membership/]Risk Committee, be charged in whole or in part to the Clearing Member if the [Membership/]Risk Committee does not modify the action of the Chairman, the Management Vice Chairman, or President. The Clearing Member shall be notified in writing of the outcome of the [Membership/]Risk Committee's review.

(d) The filing of a request for review pursuant to paragraph (c) of this Rule shall not impair the validity or stay the effect of the action which the Clearing Member seeks to have reviewed, and the Clearing Member shall be obligated to comply with such action without delay notwithstanding the pendency of such request for review. Any modification or reversal by the [Membership/]Risk Committee of any action taken pursuant to paragraph (a) or (b) hereof shall not invalidate any acts taken by the Corporation prior to such modification or affect any rights of any person arising out of any such acts.

...Interpretations and Policies

.01-.06 [no change]

.07 The Clearing Member is experiencing such operational difficulties that the Executive Chairman, the Management Vice Chairman, or the President determines that action under Rule 305 is necessary or advisable in the circumstances.

.08-.09 [no change]

.10 The Clearing Member, the Appointed Clearing Member of the Clearing Member or CDS (if the Clearing Member is a Canadian Clearing Member described in Rule 901) is experiencing such difficulty in meeting its obligations to the correspondent clearing corporation that the Executive Chairman, the Management Vice Chairman, or the President determines that action under Rule 305 is necessary or advisable in the circumstances.

.11-.12 [no change]

* * *

Managing Clearing Members and Managed Clearing Members

RULE 309. (a) – (c) [no change]

(d) At any time when the net capital of a Managing Clearing Member shall be less than the minimum amount prescribed by paragraph (b) of this Rule 309, the Managing Clearing Member shall be subject to the restrictions on distributions set forth in Rules 304(a) and 304(b), and the Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall have the authority to impose any or all of the limitations or restrictions set forth in Rule 305(a) on the positions, stock loan and borrow positions and transactions of the Managing Clearing Member and every Managed Clearing Member for which the Managing Clearing Member provides facilities management services.

(e) In the event that a facilities management agreement is to be terminated, the Managed Clearing Member will be required to withdraw from membership in the Corporation, effective as of the business day immediately preceding the termination date of the agreement, unless the [Membership/]Risk Committee has determined in accordance with Article V, Section 1 of the By-Laws either that the Managed Clearing Member has the operational capability, experience and competence to perform the managed services required of a Clearing Member or that the Managed Clearing Member has entered into a facilities management agreement, which is in a form approved by the Corporation, which provides for the performance of the managed services and which will become effective on or before such termination date.

(f) In the event that a Clearing Member proposes to become a Managed Clearing Member by entering into a facilities management agreement with a Managing Clearing Member, such Clearing Member shall not implement such agreement until the [Membership/]Risk Committee has determined that the agreement is in a form acceptable to the Corporation and otherwise meets the requirements of Article V, Section 1, Interpretation and Policy .04 of the By-Laws.

...Interpretations and Policies:

.01 A Clearing Member that proposes to become a Managed Clearing Member may request an expedited review of its proposed facilities management agreement. If the Corporation in its sole discretion consents to perform such a review, then the Executive Chairman, the Management Vice Chairman, or the President shall have the authority to determine whether the submitted agreement meets the requirements of paragraph (f) of this Rule and to approve or disapprove the agreement. Thereafter, at the next scheduled meeting of the [Membership/]Risk Committee, the [Membership/]Risk Committee shall independently review the agreement and determine de novo whether such requirements have been met and approve or disapprove the agreement. Should the [Membership/]Risk Committee's determination result in the modification or reversal of the action taken by the Executive Chairman, the Management Vice Chairman, or the President, any acts taken by the Corporation or the Clearing Member prior to such modification or reversal shall not be invalidated nor shall any rights of any person arising out of

such acts be affected. If the [Membership/]Risk Committee disapproves a facilities management agreement that was previously approved by OCC management, the Clearing Member shall be given a reasonable period of time in which to enter into an appropriately revised agreement or cease to be a Managed Clearing Member.

.02 A Managed Clearing Member that proposes to operate without a facilities management agreement may request an expedited review of its proposal. If the Corporation in its sole discretion consents to perform such a review, then the Executive Chairman, the Management Vice Chairman, or the President shall have the authority to determine whether the Managed Clearing Member has the operational capability, experience and competency to perform the managed services as specified in paragraph (e) of this Rule and to approve or disapprove termination of its facilities management agreement. Thereafter, at the next scheduled meeting of the [Membership/]Risk Committee, the [Membership/]Risk Committee shall independently review the Managed Clearing Member's operational capability, experience and competency to determine de novo whether the requirements of paragraph (e) have been met and approve or disapprove such termination. Should the [Membership/]Risk Committee's determination result in the modification or reversal of the action taken by the Executive Chairman, the Management Vice Chairman, or the President, any acts taken by the Corporation or the Clearing Member prior to such modification or reversal shall not be invalidated nor shall any rights of any person arising out of such acts be affected. If the [Membership/]Risk Committee disapproves the termination of a facilities management agreement that was previously approved by the Corporation's management, the Clearing Member shall be given a reasonable period of time in which to enter into a new facilities management arrangement or terminate its clearing membership.

Appointed Clearing Members and Appointing Clearing Members

SECTION 309A. (a)-(b) [no change]

(c) At any time when the net capital of a Appointed Clearing Member shall be less than the minimum amount prescribed by paragraph (a) of this Rule 309A, the Appointed Clearing Member shall be subject to the restrictions on distributions set forth in Rules 304(a) and 304(b), and the Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall have the authority to impose any or all of the limitations or restrictions set forth in Rule 305(a) on the positions, stock loan and borrow positions and transactions of the Appointed Clearing Member and each of its Appointing Clearing Members.

* * *

CHAPTER V

Premium and Futures Variation Settlement

* * *

Extension of Settlements

RULE 505. The Board of Directors, Executive Chairman, Management Vice Chairman or President of the Corporation shall be authorized to extend any or all times at which the Corporation is obligated to pay a settlement amount to Clearing Members as set forth in the By-Laws, Rules or procedures of the Corporation upon a determination that an emergency or force majeure condition exists which would make such extension necessary or advisable for the protection of the Corporation or is otherwise in the public interest. Such determination and the reasons therefor shall be promptly reported to the SEC, the CFTC and any other regulatory or supervisory agencies having jurisdiction over the Corporation, but the effectiveness of the settlement extension shall not be conditioned upon such report. As soon as practicable after such determination has been made, the Corporation shall notify Clearing Members thereof and, in general terms, what procedures shall be taken by the Corporation in connection therewith. Any determination made under this Rule shall be in the sole discretion of the Board of Directors, Executive Chairman, Management Vice Chairman or President of the Corporation, as applicable, and not subject to review. In the event a determination is made by either the Executive Chairman, Management Vice Chairman or President of the Corporation, the Board of Directors shall be notified as soon as practicable of the determination. A report detailing any extension of time for settlement shall be prepared and maintained with the records of the Corporation.

* * *

CHAPTER VI

Margins

* * *

[Membership/]Risk Committee

RULE 603. The [Membership/]Risk Committee may, from time to time, increase the amount of margin which may be required in respect of any cleared contract, open short position or exercised contract if in the discretion of the [Membership/]Risk Committee such increase is advisable for the protection of the Corporation, the Clearing Members, or the general public.

Form of Margin Assets

RULE 604. To satisfy the margin requirements determined under Rule 601, a Clearing Member may deposit margin assets with the Corporation in the forms specified in paragraphs (a) - (c) of this Rule 604.

(a) [no change]

(b) *Securities.* The types of securities specified in subparagraphs (1) - (4) of this paragraph (b) may be deposited with the Corporation in the manner specified for each.

(1) *Government Securities.* Clearing Members may deposit, as hereinafter provided, Government securities which are free from any limitation as to negotiability. Government securities shall be valued for margin purposes at 99.5% of the current market value for maturities of up to one year; 98% of the current market value for maturities in excess of one year through five years; 96.5% of the current market value for maturities in excess of five years through ten years; and 95% of the current market value for maturities in excess of ten years. Government securities deposited pursuant hereto shall be deposited by the Clearing Member in an account of the Corporation in an approved depository in the name of the Corporation or by such other method as the Corporation may from time to time approve. All interest or gain received or accrued on such Government securities prior to any sale or negotiation thereof shall belong to the depositing Clearing Member, and any interest on, or proceeds from the maturity of, such Government securities received by the Corporation shall be credited by the Corporation to the account of the Clearing Member in respect of which the deposit was made. Current market value shall be determined by the Corporation at such intervals as the [Membership/]Risk Committee shall from time to time prescribe, but not less often than daily on the basis of the quoted bid prices therefor supplied by a source designated by the Corporation.

(2) *GSE Debt Securities.* Clearing Members may deposit, as hereinafter provided, GSE debt securities which are free from any limitation as to negotiability. GSE debt securities shall be valued for margin purposes at (1) 99% of the current market value for maturities of up to one year; (2) 97% of the current market value for maturities in excess of one year through five years; (3) 95% of the current market value for maturities in excess of five years through ten years; and (4) 93% of the current market value for maturities in excess of ten years. Such GSE debt securities deposited pursuant hereto shall be deposited by the Clearing Member in an account of the Corporation in an approved depository in the name of the Corporation or by such other method as the Corporation may from time to time approve. All interest or gain received or accrued on such GSE debt securities prior to any sale or negotiation thereof shall belong to the depositing Clearing Member, and any interest on, or proceeds from the maturity of, such Government securities received by the Corporation shall be credited by the Corporation to the account of such Clearing Member in respect of which the deposit was made. Current market value shall be determined by the Corporation at such intervals as the [Membership/]Risk Committee shall from time to time prescribe, but not less often than daily on the basis of the quoted bid prices therefor supplied by a source designated by the Corporation.

(3) *Money Market Fund Shares*

(i) - (iii) [no change]

(iv) No more than 5% of the total number of outstanding shares of any one Fund will be accepted for deposit from a Clearing Member. In determining whether a Clearing Member's deposit of a Fund's shares exceeds the foregoing limitation, the Corporation will aggregate the Clearing Member's deposit of such Fund's shares across all of the Clearing

Member's accounts. MMF Shares deposited by a Clearing Member will be valued by the Corporation on a daily basis at 98% of current market value or such lower value as the [Membership/]Risk Committee may prescribe from time to time. If a Fund fails to meet any qualification set forth in subparagraph (i) of this subparagraph (b)(3), the Corporation may prescribe on a daily basis a lesser valuation for such Fund's shares.

(v) [no change]

(4) *Equity and Debt Issues.* (i) Clearing Members may deposit, as hereinafter provided, common and preferred stocks, and corporate bonds which meet the standards prescribed below. In order to be eligible for deposit, preferred stocks must have a market value greater than \$10 per share. Common stocks (including fund shares) must be "covered securities" within the meaning of Section 18(b)(1) of the Securities Act of 1933. Corporate bonds must (A) be listed on a national securities exchange and not in default, (B) have a current market value that is readily determinable on a daily basis, and (C) be rated in one of the four highest rating categories by a nationally recognized statistical rating organization. Common stocks which are neither underlying securities nor fund shares that have as their reference index an index that underlies any cleared contract must have a market value of at least \$3 per share, as determined by the Corporation; provided, however, that the Corporation may waive this requirement at its discretion upon a determination that other factors, including trading volume, the number of shareholders, the number of outstanding shares, and current bid/ask spreads warrant such result. An issue that is suspended from trading by, or subject to special margin requirements under the rules of, the market that listed or qualified the issue for trading because of volatility, lack of liquidity or similar characteristics, may not be deposited as margin with the Corporation. If the issue is listed or traded on more than one market and the markets do not take the same action, the Corporation will use its discretion to determine which market's actions will be definitive for purposes of this Rule. Each deposit pursuant to this Rule 604(b)(4) shall be made with respect to a designated account of the Clearing Member. Deposited stocks and bonds shall be valued on a daily basis at 70% of current market value or such lower value as the [Membership/]Risk Committee of the Corporation may prescribe from time to time with respect to such stocks or bonds, or any of them. In valuing any stock or bond for the purposes of this Rule 604(b)(4), its current market value shall be deemed to be its price at the close of regular trading hours (as determined by the Corporation) on such national securities exchange or other domestic security market as the Corporation shall determine during the preceding trading day. If such stock or bond was not traded on such market during regular trading hours, the current market value shall be deemed to be the lowest reported bid quotation for such stock or bond at or about the close of regular trading hours on such day. A single issue, i.e., equity or debt with the same CUSIP number, shall not be valued at an amount in excess of 10% of the margin on deposit in the account for which such securities are deposited; provided that this 10% limit shall not apply to: common stock (including fund shares). Common stocks deposited pursuant to Rule 610 shall have no value as margin for the purposes of this Rule 604(b)(4).

(ii)-(iii) [no change]

(5) [no change]

(c) *Letters of Credit*. Clearing Members may deposit with the Corporation letters of credit denominated in U.S. dollars issued by banks or trust companies approved by the Corporation for this purpose. Such letters of credit shall be in a form prescribed by the Corporation and shall meet the following criteria:

(1)-(2) [no change]

(3) All letters of credit shall be irrevocable.

Under unusual circumstances, the Executive Chairman of the Corporation, following consultation with the staff of the Securities and Exchange Commission, may accept, on a temporary basis, a letter of credit which varies from the preceding requirements.

If a Clearing Member shall deposit with the Corporation a letter of credit which indicates on its face that it is being deposited to serve as margin for the Clearing Member's customers' account or for a segregated futures account, such letter of credit shall not constitute margin for any other account maintained by the Clearing Member until such time as the issuing bank shall instruct the Corporation by amendment to the letter of credit stating that such letter of credit is not so restricted.

Notwithstanding the provisions of any other Rule, the Corporation may draw upon a letter of credit at any time, whether or not the Clearing Member which deposited such letter of credit has been suspended by the Corporation or is in default with respect to any obligation to the Corporation, if the Corporation determines that such draw is advisable to protect the Corporation, other Clearing Members or the general public. If such a draw is made without suspending the Clearing Member, funds received pursuant to the draw will be subject to the By-Laws and Rules applicable to deposits of cash margin.

(d)-(f) [no change]

...Interpretations and Policies:

.01 The Corporation may in its discretion approve a bank or trust company as an issuer of letters of credit pursuant to Rule 604(c) if:

(a) [no change]

(b) Non-U.S. Institutions:

(1) – (2) [no change]

(3) its principal executive office is located in a country that (a) is rated "AAA" by Moody's Investor Service and/or Standard & Poor's, or (b) has been approved by the [Membership/]Risk Committee as a "AAA" equivalent country based on consultations with at

least two entities satisfactory to the [Membership/]Risk Committee as experienced in international banking and finance matters; and

(4) (a) [no change]

(b) (i) –(iii) [no change]

(iv) it has been approved by the [Membership/]Risk Committee as a "P-1" or "A-1" equivalent institution.

.02 - .15 [no change]

* * *

Waiver of Margin

RULE 609A. The Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall be authorized to waive, in whole or in part, conditionally or unconditionally, any deposit of margin that would otherwise be required to be made by any Clearing Member in any account at any time during any business day upon a determination that such waiver (i) is advisable in the interest of maintaining fair and orderly markets or is otherwise advisable in the public interest and for the protection of investors, and (ii) is consistent with maintaining the financial integrity of the Corporation. Such officer shall use his best efforts to attempt to consult with officials of the Securities and Exchange Commission prior to granting any such waiver; provided, however, that the authority contained herein shall not be conditioned by such consultation. The Corporation shall advise its Board of Directors and the Commission as soon as practicable in writing of the granting of any such waiver and the reasons therefor, and a record of any such waiver shall be prepared and maintained with the records of the Corporation.

* * *

CHAPTER VIII

Exercise and Assignment

Exercise of Options

RULE 801. Issued and unexpired option contracts may, subject to Exchange Rules and the By-Laws, be exercised as follows:

(a)-(c) [no change]

(d) Notwithstanding the foregoing provisions of this Rule, and except as otherwise provided in this paragraph (d), the Executive Chairman, the Management Vice Chairman, or the President of

the Corporation, or any delegate of such officer, may in the sole discretion of such person permit a Clearing Member to file any exercise notice after an applicable deadline prescribed pursuant to paragraph (a) of this Rule, solely for the purpose of correcting a bona fide error on the part of the Clearing Member or a customer, subject to the following conditions:

(1)-(4) [no change]

(5) The Corporation may remit, in whole or in part, any late filing fee imposed pursuant to subparagraph (d)(2), if the Executive Chairman, Management Vice Chairman or the President finds that the filing giving rise to the fee was necessitated by circumstances beyond the reasonable control of the Clearing Member and its customer, or that remission is otherwise equitable in the circumstances.

(6) [no change]

[no change to remainder of Rule 801]

* * *

Allocation of Exercises

RULE 804. Except as provided in the last sentence of this Rule 804, each Clearing Member shall establish fixed procedures for the allocation of exercises assigned in respect of short positions in the Clearing Member's accounts to specific option contracts included in such short positions. The allocation shall be made in accordance with the requirements set forth in Exchange Rules and any applicable rules of any self-regulatory organization of which the Clearing Member is a member. During the term of any restriction imposed on a Clearing Member pursuant to Rule 305, the Executive Chairman, the Management Vice Chairman, or the President may require the Clearing Member to report to the Corporation, not later than 8:00 A.M. Central Time (9:00 A.M. Eastern Time) on each business day, the name and address of each writer to whom the Clearing Member allocated an exercise assigned to the Clearing Member on the preceding business day. Such reports shall indicate, for each writer, the series of options for which an exercise was allocated and the number of contracts included in the allocation, and shall state whether any specific deposit or escrow deposit has been made in respect of such writer's short position in such series of options. The foregoing provisions of this Rule 804 shall not apply to the allocation of exercises of OTC options; and in the case of short positions in OTC options in respect of which the Corporation has assigned exercises to a particular customer ID, the Clearing Member shall allocate the exercise only to the customer associated with such customer ID.

Expiration Date Exercise Procedure

RULE 805. (a)-(h) [no change]

(i) The Corporation may remit, in whole or in part, any filing fee imposed pursuant to subparagraph (g), if the Executive Chairman, Management Vice Chairman or President finds that the tendering of the supplementary exercise notice giving rise to the fee was necessitated by circumstances beyond the reasonable control of the Clearing Member or its customer, or that remission is otherwise equitable under the circumstances.

(j) [no change]

* * *

CHAPTER IX

Delivery and Payment

* * *

Settlement Through Correspondent Clearing Corporation

RULE 901. (a)-(c) [no change]

(d) A specification in any Delivery Advice that settlement is to be made through the facilities of the correspondent clearing corporation may be revoked by the Corporation at any time prior to the opening of business on the delivery date by an appropriate notice to the Receiving and Delivering Clearing Members. In the event of such revocation, delivery and payment shall be made in accordance with Rules 903 through 912; provided, however, that the Executive Chairman, the Management Vice Chairman, or the President of the Corporation may, upon the application of the Receiving or the Delivering Clearing Member, extend or postpone the time for delivery to a date not more than three business days after the date of such revocation.

(e)-(h) [no change]

* * *

Obligation to Deliver

RULE 903. When a Delivery Advice or the Corporation directs that settlement be made on a broker-to-broker basis, the Delivering Clearing Member shall deliver each underlying security specified in the Delivery Advice against payment of the aggregate purchase price therefor on the delivery date specified therein, which, in the case of options, shall be the third business day following the day on which the exercise notice was, or is deemed to have been, properly tendered to the Corporation pursuant to Chapter VIII of the Rules, and, in the case of security futures, shall be the third business day following the maturity date, except for series that are designated by the Exchange on which such series are traded for settlement on the first business day following the maturity date of the applicable series, provided that:

(a) [no change]

(b) the Executive Chairman, Management Vice Chairman or President or delegate of such officer may extend or postpone the time for delivery whenever, in such person's opinion, such action is required in the public interest or to meet unusual conditions.

* * *

CHAPTER XI

Suspension of a Clearing Member

* * *

RULE 1102. (a) The Board of Directors or the Executive Chairman of the Corporation may summarily suspend any Clearing Member which: (i) has been and is expelled or suspended from any self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended, but not including the Municipal Securities Rulemaking Board, or as defined in the rules of the Commodity Futures Trading Commission); (ii) fails to make any delivery of cash, securities or other property to the Corporation in a timely manner as required by the By-Laws or Rules; (iii) fails to make any delivery of funds or securities to another Clearing Member required pursuant to the By-Laws or Rules; (iv) fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner, has appointed an Appointed Clearing Member to act on its behalf and such Appointed Clearing Member fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner or effects settlement at the correspondent clearing corporation through an identifiable subaccount in an account of CDS at the correspondent clearing corporation and CDS fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner; (v) is in such financial or operating difficulty that the Board of Directors or the Executive Chairman of the Corporation determines and so notifies the appropriate regulatory agency for such Clearing Member (or, in the case of a Non-U.S. Clearing Member, the appropriate Non-U.S. Regulatory Agency) and the Securities and Exchange Commission or the Commodity Futures Trading Commission that suspension is necessary for the protection of the Corporation, other Clearing Members, or the general public; or (vi) in the case of a Non-U.S. Clearing Member, has been and is expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange or clearing organization of which it is a member. In addition, the Corporation may summarily suspend any Clearing Member in accordance with Rule 707 or Article VI, Section 25 of the By-Laws. In the event that any Clearing Member is suspended, the Corporation shall cease to act for it except as hereinafter specified.

(b) [no change]

...Interpretations and Policies

.01 [no change]

.02 The circumstances in which the Board of Directors or the Executive Chairman of the Corporation may make a determination pursuant to Rule 1102(a)(v) may include a determination that the Clearing Member lacks (a) access to sufficient financial resources to meet obligations arising from clearing membership in extreme but plausible market conditions, as determined by the Corporation for purposes of this Rule, or (b) the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation, and the ability to participate in applicable default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations.

* * *

Creation of a Liquidating Settlement Account

RULE 1104. (a) [no change]

(b) Notwithstanding the provisions of Rule 1104(a), if the Executive Chairman, the Management Vice Chairman, or the President shall determine in his discretion, taking into account the size and nature of a suspended Clearing Member's margin deposits and/or contributions to the Clearing Fund, the market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances as such officer deems relevant, that the immediate liquidation of some or all of the suspended Clearing Member's margin deposits and/or contributions to the Clearing Fund would not be in the best interests of the Corporation, other Clearing Members, or the general public, such assets need not be immediately liquidated. In such case, pending the ultimate disposition of the suspended Clearing Member's margin deposits and contributions to the Clearing Fund, the Executive Chairman, the Management Vice Chairman or the President of the Corporation may, for purposes of satisfying such Clearing Member's obligations under the By-Laws and Rules, cause the Corporation to use such Clearing Member's margin deposits and/or contributions to the Clearing Fund to borrow or otherwise obtain funds from third parties through any means determined to be reasonable by such officer in his discretion (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions). Any determination made pursuant to this paragraph shall be reported to the Board of Directors within 24 hours.

(c)-(f) [no change]

...Interpretations and Policies:

.01 [no change]

.02 (a) For purposes of this Rule 1104 and Rules 1106, 1107, 2210 and 2210A, in order to minimize the execution and liquidity risks associated with (i) liquidating a suspended Clearing

Member's margins deposited with the Corporation and Clearing Fund contributions (collectively referred to in this Interpretation and Policy as "Collateral"), (ii) closing out such Clearing Member's open positions in cleared contracts and stock loans (collectively referred to in this Interpretation and Policy as "Open Positions") and (iii) closing out exercised or matured cleared contracts to which such Clearing Member was a party either as the exercising Clearing Member or as the assigned Clearing Member (collectively referred to in this Interpretation and Policy as "Exercised/Matured Contracts"), the Corporation may elect to use one or more private auctions to liquidate all or any part of such Collateral, Open Positions and/or Exercised/Matured Contracts, as determined by the Board of Directors, the Executive Chairman, the Management Vice-Chairman, or the President of the Corporation. As used in this interpretation, the term "private auction" means an auction open to bidders invited by the Corporation pursuant to this interpretation and with respect to which bidders submit confidential bids. If such determination is made by the Executive Chairman, the Management Vice-Chairman or the President of the Corporation, the Board of Directors shall be notified as soon as practicable of the determination. The option to elect a private auction process is discretionary; the Corporation may use other procedures as provided for or permitted in the By-Laws and Rules to liquidate a suspended Clearing Member's Collateral, Open Positions and/or Exercised/Matured Contracts if the Corporation decides that circumstances warrant. The Corporation shall provide prompt notice to the [Membership/]Risk Committee (or other committee of the Board of Directors to which the auction oversight function is delegated) whenever a private auction is expected to be conducted.

(b) The Corporation shall conduct each auction within the general framework as approved by the [Membership/]Risk Committee and described in this Interpretation and Policy. Each auction will be structured to provide an orderly and robust procedure for liquidating Collateral, Open Positions and/or Exercised/Matured Contracts consistent with the By-Laws and Rules of the Corporation. The Corporation shall consult with the [Membership/]Risk Committee (or other committee of the Board of Directors to which such function is delegated) regarding the structuring and administration of each individual auction, and may work with such advisors as the Corporation deems necessary and appropriate to assist the Corporation in respect of such matters.

(c) - (d) [no change]

(e) The Corporation shall have discretion to auction the suspended Clearing Member's Collateral, Open Positions and/or Exercised/Matured Contracts as a single portfolio or as multiple discrete portfolios based on, for example, product type or asset class. The Corporation shall also have discretion to require bidders to post collateral or other deposits in advance of the auction and the submission of bids shall be in accordance with the procedures and timeframes established by the Corporation from time to time. The Corporation and the bidders shall exchange auction information in a secure and confidential manner as specified by the Corporation. At the conclusion of the auction, the Corporation shall, in its discretion, determine the prevailing bid(s) and whether to accept or reject such bid(s); provided, however, that, in the event that accepting the prevailing bid(s) would result in a loss chargeable against the Clearing Fund, any decision by the Corporation to accept such bid(s) shall require review and approval by the [Membership/]Risk Committee (or other committee of the Board of Directors to which such

function is delegated) or the Board of Directors. The Corporation shall provide prompt notice to the winning bidder that its bid has been selected and shall thereafter provide notice to the losing bidders that their bids have not been selected, in each case by electronic or telephonic communication. If the auction is successful, the Corporation shall facilitate the transfer of the suspended Clearing Member's Collateral, Open Positions and/or Exercised/Matured Contracts to the winning bidder(s) with the intention of completing settlement processing of the auctioned portfolio(s) no later than the first business day after the bids are accepted by the Corporation.

(f) – (g) [no change]

* * *

Open Positions

RULE 1106. (a) – (e) [no change]

(e) *Exceptions.*

(1) Notwithstanding the preceding provisions of this Rule, if the Executive Chairman, the Management Vice Chairman, or the President shall determine in his discretion, taking into account the size and nature of a suspended Clearing Member's positions, the market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances as such officer deems relevant, that the closing out of some or all of the suspended Clearing Member's unsegregated long positions or short positions in options or BOUNDS, or long or short positions in futures, would not be in the best interests of the Corporation, other Clearing Members, or the general public, such positions need not be closed out, provided that any determination made pursuant to this paragraph shall be reported to the Board of Directors within 24 hours. This paragraph shall not apply to positions of any suspended Clearing Member as to which an application for a protective decree may be filed under Section 5(a)(3) of the Securities Investor Protection Act of 1970, as amended, except upon a determination by the Executive Chairman, the Management Vice Chairman, or the President in his discretion, taking into account the circumstances enumerated in the preceding sentence, that the closing out of the suspended Clearing Member's open positions in accordance with the other provisions of this Rule would likely result in a loss to the Corporation (after application of such Clearing Member's margin and Clearing Fund deposits but before any proportionate charge to the Clearing Fund deposits of other Clearing Members).

(2) [no change]

(f) *Protective Action.*

If the Executive Chairman, the Management Vice Chairman, or the President of the Corporation shall (i) determine that the Corporation is unable, for any reason, to close out in a prompt and orderly fashion any unsegregated long positions or short positions in options or BOUNDS, or long or short positions in futures, or to liquidate any margin deposits of a suspended Clearing

Member, or (ii) elect pursuant to Rule 1106(e) not to close out any such positions or pursuant to Rule 1104(b) not to liquidate any such margin deposits, such officer may authorize the execution from time to time for the account of the Corporation, solely for the purpose of reducing the risk to the Corporation resulting from the continued maintenance of such positions or the continued holding of such margin deposits, of hedging transactions, including, without limitation, the purchase or sale of underlying interests or interests deemed similar thereto or option contracts or futures contracts on any such underlying or similar interests. Such officer may delegate to specified officers or agents of the Corporation the authority to determine, within such guidelines, if any, as such officer shall prescribe, the nature and timing of such hedging transactions. Any authorization of hedging transactions shall be reported to the Board of Directors within 24 hours, and any such transactions that are executed shall be reported to the [Membership/Risk Committee on a daily basis. Any costs or expenses, including losses, sustained by the Corporation in connection with transactions effected for its account pursuant to this paragraph shall be charged to the Liquidating Settlement Account of the suspended Clearing Member, and any gains realized on such transactions shall be credited to such Liquidating Settlement Account; provided, however, that (i) costs, expenses, and gains allocable to the hedging of positions in a Market-Maker's account or a customers' lien account shall be charged or credited, as the case may be, to that account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account; (ii) costs, expenses, and gains allocable to the hedging of positions in a segregated futures account shall be charged or credited, as the case may be, to the Segregated Liquidating Settlement Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account, and (iii) costs, expenses and gains allocable to the hedging of positions in an internal non-proprietary cross-margining account shall be charged or credited, as the case may be, to the Internal Non-Proprietary Cross-Margining Liquidating Settlement Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account. Reasonable allocations of costs, expenses, and gains among accounts made by the Corporation for the purpose of implementing the proviso to the preceding sentence shall be binding on the Clearing Member and any persons claiming through the Clearing Member and their respective successors and assigns.

(g) [no change]

* * *

Right of Appeal

RULE 1110. A Clearing Member suspended pursuant to this Chapter shall be entitled, upon request, to a written statement of the grounds for its suspension and shall have the right to appeal its suspension in accordance with the following procedure:

(a) [no change]

(b) *Consideration of Appeals.* Appeals shall be considered and decided by an appeals panel appointed by the Executive Chairman of the Board, composed of two officers or employees of the Clearing Corporation and one director. Appeals shall be heard as promptly as possible, and in no event more than fourteen days after the filing of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than three days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence in its own behalf, and may, if it so desires, be represented by counsel. As promptly as possible after the hearing, the panel shall, by the vote of a majority of its members, affirm or reverse the suspension. The appellant shall be notified in writing of the panel's decision; and if the decision shall have been to affirm the suspension, the appellant shall be given a written statement of the grounds therefor.

(c)-(e) [no change]

* * *

CHAPTER XIII

Futures and Futures Options

* * *

Disciplinary Action for Failure to Deliver or Receive

RULE 1309. If, without good cause, a Delivering Clearing Member fails to discharge its delivery obligations under Rule 1308A or 1308B, or a Receiving Clearing Member refuses to accept or fails to pay the settlement amount for an underlying interest tendered to it pursuant to Rule 1308A or 1308B, such failure or refusal may be deemed to constitute a delay embarrassing the operations of the Corporation, and may be subject to discipline under Chapter XII of the Rules. The Executive Chairman, the Management Vice Chairman, or President of the Corporation shall have the authority to determine, subject to review as provided in Chapter XII of the Rules, whether good cause existed for any such failure to deliver or receive.

* * *

CHAPTER XIV

Treasury Securities Options

* * *

Exercise Settlement Date for Treasury Securities Options

RULE 1402. (a) [no change]

(b) The Executive Chairman, Management Vice Chairman, or the President of the Corporation, or the delegate of any such officer, may extend or postpone any exercise settlement date for Treasury securities options whenever, in its opinion, such action is required in the public interest or to meet unusual conditions.

* * *

Disciplinary Action for Failure to Match

RULE 1405. If a Delivering Clearing Member or a Receiving Clearing Member fails, without good cause, to timely submit accurate trade information to the real time trade matching system of FICC under Rule 1403, and the Corporation receives notice pursuant to Rule 1404(a) that the failure has not been resolved and the trade has not been successfully matched, such failure shall be deemed to constitute a delay embarrassing the operations of the Corporation, and shall be subject to discipline under Chapter XII of the Rules. The Executive Chairman, the Management Vice Chairman, or President of the Corporation shall have the authority to determine, subject to review as provided in Chapter XII of the Rules, whether good cause existed for any such failure to deliver or receive.

* * *

CHAPTER XVI

Foreign Currency Options

* * *

Exercise Settlement Date for Foreign Currency Options

RULE 1604. (a) [no change]

(b) The Executive Chairman, Management Vice Chairman or President or delegate of such officer may advance or postpone any exercise settlement date for foreign currency options whenever, in its opinion, such action is required in the public interest or to meet unusual conditions.

* * *

Disciplinary Action for Failure to Deliver or Pay

RULE 1610. If, without good cause, a Delivering Clearing Member fails to discharge its guarantee or delivery obligations under Rule 1606, or a Paying Clearing Member fails to pay the settlement amount due pursuant to Rule 1606, such failure shall be deemed to constitute a delay embarrassing the operations of the Corporation, and shall subject the Clearing Member to discipline under Chapter XII of the Rules. The Executive Chairman, the Management Vice

Chairman, or President of the Corporation shall have the authority to determine, subject to review as provided in Chapter XII of the Rules, whether good cause existed for any such failure to deliver or pay.

* * *

CHAPTER XXI

Cross-Rate Foreign Currency Options

* * *

Exercise Settlement Date for Cross-Rate Foreign Currency Options

RULE 2104. (a) [no change]

(b) The Executive Chairman, Management Vice Chairman or President or delegate of such officer may advance or postpone any exercise settlement date for cross-rate foreign currency options whenever, in his or her opinion, such action is required in the public interest or to meet unusual conditions.

* * *

Disciplinary Action for Failure to Deliver or Pay

RULE 2110. If, without good cause, a Paying Clearing Member fails to pay the Payment Amount pursuant to Rule 2106, such failure shall be deemed to constitute a delay embarrassing the operations of the Corporation, and shall subject the Clearing Member to discipline under Chapter XII of the Rules. The Executive Chairman, the Management Vice Chairman, or President of the Corporation shall have the authority to determine, subject to review as provided in Chapter XII of the Rules, whether good cause existed for any such failure to deliver or pay.

* * *

CHAPTER XXIV

Flexibly Structured Index Options Denominated in a Foreign Currency

* * *

Disciplinary Action for Failure to Pay

RULE 2408. If, without good cause, a FX Index Option Clearing Member fails to pay the settlement amount due pursuant to Rule 2405, such failure shall be deemed to constitute a delay embarrassing the operations of the Corporation, and shall subject the Clearing Member to

discipline under Chapter XII of the Rules. The Executive Chairman, the Management Vice Chairman, or President of the Corporation shall have the authority to determine, subject to review as provided in Chapter XII of the Rules, whether good cause existed for any such failure to pay.

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change concerning the renaming of the Membership/Risk Committee was authorized for filing with the Commission by OCC's Board at a meeting held on December 3, 2013. The proposed rule change concerning the renaming of the Chairman's position was authorized for filing with the Commission by OCC's Board at a meeting held on May 21, 2013. In addition, the proposed rule change concerning the renaming of the Chairman's position was unanimously approved by OCC's stockholders on May 21, 2013.

Questions regarding the proposed rule change should be addressed to Stephen Szarmack, Vice President and Associate General Counsel, at (312) 322-4802.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

As discussed below, the purpose of this rule filing is to make administrative and/or conforming amendments to the Rules and to the charters of the Board and certain of its committees. These technical amendments reflect that: (1) the Membership/Risk Committee of the Board is proposed to be renamed to the Risk Committee; (2) the title of "Executive Chairman" has replaced the title of "Chairman;" and (3) two Management Directors are members of the Board. Other conforming amendments are proposed as well.

Risk Committee Name Change

OCC's Membership/Risk Committee is a committee of OCC's Board. The purpose of this committee, as stated in its charter, is to assist the Board in overseeing OCC's policies and processes for identifying and addressing strategic, operational and financial risks. OCC believes that the name "Risk Committee" more accurately reflects this purpose and is more commonly used for this type of committee by other organizations in the financial industry. The role the committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC's Rules and the RC Charter, as well as the specific policies and procedures governing the membership and organization, scope of authority and specific functions and responsibilities of the committee has not changed. Accordingly, OCC proposes that existing references to Membership/Risk Committee would be replaced with Risk Committee in its Rules, the RC Charter and Board Charter (including the Fitness Standards).

Executive Chairman Name Change; Number of Management Directors

On January 1, 2014, OCC implemented an approved change in its governance structure that: (1) split the role of Chairman into two offices, the Executive Chairman and President; and (2) provided that the President, by virtue of election to that office, became a Management Director.⁴ OCC's Rules and the charters of the Board (including the Fitness Standards) and certain of its committees contain numerous references to the term "Chairman."⁵ OCC proposes to replace existing references to Chairman with Executive Chairman in its Rules, the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards). In

⁴ See SR-OCC-2013-09 *supra* note 1.

⁵ These provisions typically define the Chairman's authority to take certain actions in certain circumstances. For example, Article III, Section 14 of OCC's By-Laws provides the Chairman with authority to call special Board meetings and OCC Rule 505 provides that the Chairman can extend the times that OCC is obligated to pay settlement amounts to clearing members.

connection with making such updates, OCC identified instances in which additional conforming changes to the Rules and charters of the Board and certain of its committees were necessary to reflect that there are now two Management Directors serving on OCC's Board.⁶ (As defined in OCC's By-Laws, the Executive Chairman and the President both are Management Directors.) The division of responsibility between the Executive Chairman and the President, as set forth in the By-Laws, is not affected by any of the proposed changes, which OCC believes increases the transparency of its governance arrangements by appropriately reflecting the title of the Executive Chairman and the number of Management Directors on its Board.

* * *

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 ("Act")⁷ because it will help ensure that OCC's governance structure is designed to protect investors and the public interest. The name "Risk Committee" more accurately reflects the role and function of the Membership/Risk Committee and the title "Executive Chairman" more accurately reflects OCC's current governance structure. All other changes are made for comparable reasons. The proposed, administrative, rule change will promote, as required under Rule 17Ad-22(d)(8), a clear and transparent governance structure that will fulfill the public interests requirements in Section 17A of the Act, support the objectives of OCC's owners and participants, and promote the effectiveness of OCC's risk management procedures.⁸ The proposed rule change will also ensure that OCC's Rules, the RC Charter, the PC Charter and the Board Charter (including the

⁶ The proposed changes to OCC By-Laws Article VIIA, Section 3 will correct an administrative oversight in filing SR-OCC-2013-09; *supra* note 1.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁸ 17 CFR 240.17Ad-22(d)(8).

Fitness Standards) remain accurate. The proposed rule change is not inconsistent with any rules of OCC, including those proposed to be amended.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.⁹ This proposed rule change will help ensure that OCC meets regulatory requirements that it has a clear and transparent governance structure by updating its Rules to reflect the adoption of a name for the Membership/Risk Committee that more accurately reflects its role and function at OCC as well as update OCC's Rules to reflect its current governance structure. To the extent OCC's clearing members are affected by the proposed rule change, OCC believes that, by adopting a more descriptive name for the Membership/Risk Committee and updating OCC's Rules to reflect its current governance structure, all of its participants will have greater certainty concerning OCC's governance arrangements and that such clarifications will facilitate the prompt and accurate settlement of securities transactions because OCC's Rules will be more accurate, transparent and readable. Accordingly, OCC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

⁹ 15 U.S.C. 78q-1(b)(3)(I).

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19b(7)(D)

Pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(3)¹¹ thereunder, the proposed rule change is filed for immediate effectiveness as it solely concerns the administration of OCC. As described above, both the proposal to rename the Membership/Risk Committee to “Risk Committee” as well as the proposal to update OCC’s Rules to reflect the title of Executive Chairman and the number of Management Directors on its Board are administrative in nature. Notwithstanding the foregoing, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6. At any time within 60 days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

Item 8. Proposed Rule Change Based on Rules for Another Regulatory Organization or of the Commission

The proposed rule change is not based on a rule change of another self-regulatory organization.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(3).

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1A. Completed notice of the proposed rule change for publication in the Federal Register.

Exhibit 5A. Membership/Risk Committee Charter.

Exhibit 5B. Performance Committee Charter.

Exhibit 5C. Charter of OCC's Board of Directors (including the Fitness Standards).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

THE OPTIONS CLEARING CORPORATION

By:  _____

Stephen M. Szarmack
Vice President & Associate General Counsel

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-OCC-2014-04)

March 6, 2014

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change to Make Administrative and/or Conforming Rule Changes to Reflect the Proposed Renaming of the Membership/Risk Committee to Risk Committee and Position of Chairman to Executive Chairman

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on March 6, 2014, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(3)⁴ thereunder.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

OCC proposes to amend its By-Laws and Rules (collectively, “Rules”) to make administrative and/or conforming rule changes to reflect a proposal that (i) the “Membership/Risk Committee” would be renamed to “Risk Committee,” (ii) the title of

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(3).

“Chairman” has been replaced with the title of “Executive Chairman” and, (iii) two Management Directors are members of OCC’s Board of Directors (“Board”).⁵

OCC also proposes to make conforming amendments to reflect the renaming of the Membership/Risk Committee and the current title of Executive Chairman, as applicable, to the following documents: the Membership/Risk Committee Charter (“RC Charter”), the Performance Committee Charter (“PC Charter”) and the Charter of OCC’s Board of Directors (“Board Charter”) as well as the Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”) attached thereto.⁶ Additional conforming amendments are being made to the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards) to further reflect the governance changes described in footnote 5.

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

⁵ OCC filed, and the Commission approved, a proposed rule change concerning the creation of the role of Executive Chairman. *See* Exchange Act Release No. 34-70076 (July 30, 2013), 78 FR 150 (August 5, 2013), (SR-OCC-2013-09). As part of SR-OCC-2013-09, OCC (1) separated the powers and duties previously combined in the office of Chairman into two offices, Executive Chairman and President; and (2) provided that the President, by virtue of such office, would be a Management Director. As a result, effective January 1, 2014, two Management Directors (i.e., the Executive Chairman and the President) are on the Board and the Board increased in size by one member to a total of 19 directors.

⁶ OCC filed, and the Commission approved, certain clarifying amendments to the RC Charter and the PC Charter. *See* Securities Exchange Act Release No. 34-71627 (February 27, 2014), 79 FR 12538 (March 5, 2014), (SR-OCC-2014-01). The RC Charter, PC Charter and Board Charter were initially approved by the Commission on December 6, 2013. *See* Securities Exchange Act Release No. 71022 (December 6, 2013), 78 FR 75659 (December 12, 2013), (SR-OCC-2013-17).

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

As discussed below, the purpose of this rule filing is to make administrative and/or conforming amendments to the Rules and to the charters of the Board and certain of its committees. These technical amendments reflect that: (1) the Membership/Risk Committee of the Board is proposed to be renamed to the Risk Committee; (2) the title of "Executive Chairman" has replaced the title of "Chairman;" and (3) two Management Directors are members of the Board. Other conforming amendments are proposed as well.

Risk Committee Name Change

OCC's Membership/Risk Committee is a committee of OCC's Board. The purpose of this committee, as stated in its charter, is to assist the Board in overseeing OCC's policies and processes for identifying and addressing strategic, operational and financial risks. OCC believes that the name "Risk Committee" more accurately reflects this purpose and is more commonly used for this type of committee by other organizations in the financial industry. The role the committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC's Rules and the RC Charter, as well as the specific policies and procedures governing the membership and organization, scope of authority and specific functions and responsibilities of the committee has not changed. Accordingly, OCC proposes that existing references to

Membership/Risk Committee would be replaced with Risk Committee in its Rules, the RC Charter and Board Charter (including the Fitness Standards).

Executive Chairman Name Change; Number of Management Directors

On January 1, 2014, OCC implemented an approved change in its governance structure that: (1) split the role of Chairman into two offices, the Executive Chairman and President; and (2) provided that the President, by virtue of election to that office, became a Management Director.⁷ OCC's Rules and the charters of the Board (including the Fitness Standards) and certain of its committees contain numerous references to the term "Chairman."⁸ OCC proposes to replace existing references to Chairman with Executive Chairman in its Rules, the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards). In connection with making such updates, OCC identified instances in which additional conforming changes to the Rules and charters of the Board and certain of its committees were necessary to reflect that there are now two Management Directors serving on OCC's Board.⁹ (As defined in OCC's By-Laws, the Executive Chairman and the President both are Management Directors.) The division of responsibility between the Executive Chairman and the President, as set forth in the By-Laws, is not affected by any of the proposed changes, which OCC believes increases the

⁷ See SR-OCC-2013-09 *supra* note 5.

⁸ These provisions typically define the Chairman's authority to take certain actions in certain circumstances. For example, Article III, Section 14 of OCC's By-Laws provides the Chairman with authority to call special Board meetings and OCC Rule 505 provides that the Chairman can extend the times that OCC is obligated to pay settlement amounts to clearing members.

⁹ The proposed changes to OCC By-Laws Article VIIA, Section 3 will correct an administrative oversight in filing SR-OCC-2013-09; *supra* note 5.

transparency of its governance arrangements by appropriately reflecting the title of the Executive Chairman and the number of Management Directors on its Board.

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹⁰ because it will help ensure that OCC's governance structure is designed to protect investors and the public interest. The name "Risk Committee" more accurately reflects the role and function of the Membership/Risk Committee and the title "Executive Chairman" more accurately reflects OCC's current governance structure. All other changes are made for comparable reasons. The proposed, administrative, rule change will promote, as required under Rule 17Ad-22(d)(8), a clear and transparent governance structure that will fulfill the public interests requirements in Section 17A of the Act, support the objectives of OCC's owners and participants, and promote the effectiveness of OCC's risk management procedures.¹¹ The proposed rule change will also ensure that OCC's Rules, the RC Charter, the PC Charter and the Board Charter (including the Fitness Standards) remain accurate. The proposed rule change is not inconsistent with any rules of OCC, including those proposed to be amended.

(B) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.¹² This proposed rule change will help ensure that OCC meets regulatory requirements that it has a clear

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 17 CFR 240.17Ad-22(d)(8).

¹² 15 U.S.C. 78q-1(b)(3)(I).

and transparent governance structure by updating its Rules to reflect the adoption of a name for the Membership/Risk Committee that more accurately reflects its role and function at OCC as well as update OCC's Rules to reflect its current governance structure. To the extent OCC's clearing members are affected by the proposed rule change, OCC believes that, by adopting a more descriptive name for the Membership/Risk Committee and updating OCC's Rules to reflect its current governance structure, all of its participants will have greater certainty concerning OCC's governance arrangements and that such clarifications will facilitate the prompt and accurate settlement of securities transactions because OCC's Rules will be more accurate, transparent and readable. Accordingly, OCC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(3)¹⁴ thereunder, the proposed rule change is filed for immediate effectiveness as it solely concerns the administration of OCC. As described above, both the proposal to rename the Membership/Risk Committee to "Risk Committee" as well as the proposal to update OCC's Rules to reflect the title of Executive

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(3).

Chairman and the number of Management Directors on its Board are administrative in nature. Notwithstanding the foregoing, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6. At any time within 60 days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commissions Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2014-04 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2014-04. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of

the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at <http://www.theocc.com/about/publications/bylaws.jsp>

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-OCC-2014-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated Authority.¹⁵

Kevin M. O'Neill
Deputy Secretary

Action as set forth recommended herein
APPROVED pursuant to authority delegated by
the Commission under Public Law 87-592.
For: Division of Trading and Markets

By: _____

Print Name: _____

Date: _____

¹⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5A**THE OPTIONS CLEARING CORPORATION
[MEMBERSHIP/]RISK COMMITTEE CHARTER****I. PURPOSE**

The Board of Directors of OCC (the “Board”) has established a [Membership/]Risk Committee (the “Committee”) to assist the Board in overseeing the Corporation’s policies and processes for identifying and addressing strategic, operational and financial (i.e., credit, market, liquidity and systemic) risks. The Committee is responsible for overseeing the overall enterprise risk management framework implemented by management, including reviewing material policies and processes relating to (i) membership criteria and financial safeguards, (ii) member and other counterparty risk exposure assessments, (iii) liquidity requirements and maintenance of financial resources, (iv) risk modeling and assessments, and (v) default management planning. The Committee is also responsible for performing those functions delegated to the Committee under the Corporation’s By-Laws and Rules.

II. MEMBERSHIP AND ORGANIZATION

- A. Composition. The Committee shall consist of the Executive Chairman, the Member Vice Chairman, and three or more Member Directors appointed annually by the Board. At least one member of the Committee shall be a Public Director. The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by a Public Director. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.
- B. Meetings. Generally, the Committee will meet at least seven times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. The Chair shall determine whether minutes of executive sessions are to be maintained, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if minutes are maintained.

Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.

The Committee shall meet at least annually with the Chief Risk Officer and any other corporate officers the Committee deems appropriate in separate executive sessions to discuss any matters that either side believes should be discussed privately.

A Committee member shall recuse himself from any matter in which his firm has an interest, other than a common interest shared with Clearing Members generally or a particular class of Clearing Members.

- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. Except as otherwise noted above, the Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable. Copies of Committee minutes shall be circulated to the Board. On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board.

III. AUTHORITY

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities. The Committee shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

Subject to the approval of the Board, the Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

- C. Authority of the Chair. The Chair of the Committee may act on behalf of the Committee in such circumstances when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as practicable to the Committee for its ratification.

IV. FUNCTIONS AND RESPONSIBILITIES

The Committee's role is one of oversight. Management is responsible for identifying, addressing and reporting on strategic, operational and financial risks arising from the Corporation's clearance, settlement and other business activities in light of the Corporation's role as an important financial market utility.

The [Membership/]Risk Committee shall have the following functions and responsibilities in discharging its oversight role:

- To review applications for Clearing Membership and recommend approval or disapproval thereof to the Board on such conditions as the Committee may deem appropriate.
- To conduct hearings, as required by the By-Laws, if requested by applicants whose applications are proposed to be disapproved by the Committee.
- To approve or disapprove continued Clearing Membership by (i) Clearing Members that propose to become managed Clearing Members and (ii) managed Clearing Members after termination of their facilities management agreements, and to ratify, modify or reverse temporary approvals of such requests by the Executive Chairman, the Management Vice Chairman, or the President.
- To review and approve or disapprove requests by Clearing Members to expand clearing activities to include additional account types and/or products, and to ratify, modify, or reverse temporary approvals of such requests by the Executive Chairman, the Management Vice Chairman, or the President.
- To review and approve or disapprove requests by Clearing Members to participate in the Stock Loan Programs.
- To periodically review the Corporation's initial and ongoing requirements for Clearing Membership and to recommend to the Board such changes therein as the Committee deems appropriate.
- If required, to develop and recommend to the Board membership requirements and standards for entities other than broker-dealers.

- To periodically review the inputs to the Corporation's margin formula and modify them to the extent that the Committee deems such action consistent with the protection of the Corporation, Clearing Members, or the general public.
- To increase the amount of margin required in respect of any contract or position if the Committee deems such increase advisable for the protection of the Corporation, Clearing Members, or the general public.
- To establish and periodically review guidelines for requiring the deposit of additional margin for the purpose of protecting the Corporation, Clearing Members, or the general public.
- To periodically review the methodologies used for determining margin and clearing fund requirements and to recommend to the Board such changes therein as the Committee deems appropriate.
- To periodically review Clearing Member surveillance criteria and make such changes therein as the Committee deems appropriate.
- To review, as appropriate, the adequacy and effectiveness of the Corporation's contingency plan for Clearing Member failures and to approve or recommend to the Board such changes therein as the Committee deems appropriate.
- To review the financial and operational condition of Clearing Members that are subject to closer than normal surveillance (Watch Levels III and IV) and impose such restrictions on their activities, consistent with the By-Laws and Rules, as the Committee deems appropriate.
- To advise management regarding actions to be taken with respect to Clearing Members that are subject to closer than normal surveillance or are otherwise in or approaching financial or operational difficulty.
- To review in accordance with the Rules, if timely requested by a Clearing Member, and to modify or reverse, restrictions and/or requirements imposed on the Clearing Member by the Executive Chairman, the Management Vice Chairman, or the President pursuant to Rule 305.
- To approve classes of GSE debt securities for deposit as margin.
- To prescribe intervals for revaluing debt securities deposited as margin or clearing fund deposits as provided in the Rules.

- To specify “haircuts” for securities deposited as margin as provided in the Rules.
- To make the determinations regarding approval of non-U.S. institutions to issue letters of credit provided for in the Interpretations under Rule 604.
- To review and recommend the OCC Risk Appetite Statement for approval by the Board annually.
- To review and monitor the risk profile of OCC for consistency with OCC’s Risk Appetite Statement.
- To review periodic reports from the Enterprise Risk Management program.
- To review and assess OCC’s Enterprise Risk Management program annually.
- Approve management’s recommendation to appoint or replace the Chief Risk Officer. The Chief Risk Officer shall report functionally to the Committee and administratively to the Executive Chairman [Chief Executive Officer (effective January 1, 2014 to the Executive Chairman)].
- Assess the performance of the Chief Risk Officer and the Enterprise Risk Management department. Also approve any Chief Risk Officer annual compensation or salary adjustments, but delegate to the Chair the ability to modify the approved amount as a result of the Chair’s participation in the annual meeting of the Performance Committee at which the compensation for senior management is determined.
- Oversee the structure, staffing and resources of the Enterprise Risk Management department.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Committee’s and individual members’ performance on a regular basis and provide results of such assessment to the Governance Committee for review.
- To perform such other functions as shall from time to time be assigned to it by the By-Laws and Rules or delegated to it by the Board.

V. REVIEW CYCLE

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.

EXHIBIT 5B**THE OPTIONS CLEARING CORPORATION
PERFORMANCE COMMITTEE CHARTER****I. PURPOSE**

The Board of Directors (the “Board”) has established a Performance Committee (the “Committee”) to assist the Board in (i) overseeing the overall performance of the Corporation in promptly and accurately delivering clearance, settlement and other designated industry services, and the accomplishment of other periodically established corporate goals and objectives in light of the Corporation’s role as an important financial market utility; (ii) recommending the compensation of the Executive Chairman, the Management Vice Chairman, and the President to the Board and approving the compensation of certain other officers; and (iii) reviewing and approving the structure and design of employee compensation, incentive and benefit programs.

II. MEMBERSHIP AND ORGANIZATION

- A. Composition. The Committee shall consist of the Executive Chairman, the Member Vice Chairman, and three or more other directors appointed annually by the Board. At least one member of the Committee shall be a Public Director. The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by the Member Vice Chairman. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.
- B. Meetings. Generally, the Committee will meet in advance of each regularly scheduled Board meeting. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. The Chair shall determine whether minutes of executive sessions are to be maintained, taking

into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if minutes are maintained. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.

The Chair shall meet at least annually in private session with the Chair of the Governance Committee to discuss the performance of key officers.

The Committee shall meet at least annually with the [Chief] Executive Chairman [Officer], the President and any other corporate officers the Committee deems appropriate to discuss and review the performance and compensation levels of key officers.

The Committee shall meet annually to determine the compensation levels of certain key officers. The Chairs of the Audit and Risk Committees shall be invited to attend such meeting in order to discuss the performance of the CAE and CRO, respectively, as well as to advise on the compensation levels approved for such officers as provided for in each such Committee's Charter.

Except as otherwise requested by the other members of the Committee, the Executive Chairman shall recuse himself from any discussion of his individual compensation, benefits, or perquisites.

- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. Except as otherwise noted above, the Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable. On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board.

III. AUTHORITY

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to

carry out its purpose and responsibilities. The Committee shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

Subject to the approval of the Board, the Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Delegation. The Committee may form and delegate authority to subcommittees, including the Administrative Committee, and may delegate authority to one or more designated members of the Committee.
- C. Authority of the Chair. The Chair of the Committee may act on behalf of the Committee in such circumstances when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as practicable to the Committee for its ratification.

IV. FUNCTIONS AND RESPONSIBILITIES

The Committee's role is one of oversight. Management is responsible for identifying, organizing, and managing the operational, systems, technology, financial, human, and other resources necessary to support the Corporation's clearance, settlement and other business activities in light of its role as an important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- To review the Corporate Plan and Budget for each fiscal year and make recommendations to the Board regarding the adoption and revision thereof.
- To review anticipated capital expenditures included in the annual Budget and to review and approve significant unanticipated capital expenditures or, where appropriate, recommend approval thereof to the Board.
- To review the Corporation's performance under the approved Corporate Plan at each regularly scheduled meeting.

- At the end of each year, to review performance and compensation of key employees and make recommendations to the Board regarding the compensation of the Executive Chairman, the Management Vice Chairman, and the President.
- To oversee the administration of the Corporation's compensation plans, including but not limited to the Incentive Compensation Program, the Capital Accumulation Plan, the Discretionary Bonus Program, the Special Retention Program, the Executive Deferred Compensation Plan, and any other deferred compensation plans.
- To oversee the administration of the Corporation's retirement and retiree benefit plans, including but not limited to the Retirement Plan, the Supplemental Executive Retirement Plan, the Retirement Savings Plan, and the Retiree Welfare Plan.
- To oversee the administration of the Corporation's welfare benefit plans, including but not limited to the Flexible Benefit Plan.
- To appoint (and remove) members of the Administrative Committee and oversee the Administrative Committee with respect to any duties and responsibilities delegated to the Administrative Committee by the Committee, including but not limited to the power to administer and amend the Flexible Benefit Plan.
- To adopt new compensation, retirement and welfare benefit plans and to amend or terminate existing plans other than the Capital Accumulation Plan (which by its terms requires Board action to amend or terminate).
- To review employment contracts and approve the same, or, in the case of contracts with the Executive Chairman, the Management Vice Chairman, or the President, to make recommendations to the Board with respect to the approval thereof.
- In general, to oversee the compensation, benefits, and perquisites of the Corporation's executive and management personnel, provided that decisions with respect to the individual compensation of the Executive Chairman, the Management Vice Chairman, and the President and any special benefits or perquisites for those officers shall be made in the form of recommendations to the Board.
- To review and recommend to the Board, as necessary, changes in the Corporation's fee structure.
- To review special financial matters as requested by the Board.

- To periodically assess, as deemed necessary or appropriate, succession plans for key executives.
- To perform such other activities consistent with the Charter, as the Committee or the Board may deem necessary or appropriate.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis and provide results of such assessment to the Governance Committee for review.

V. REVIEW CYCLE

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.

EXHIBIT 5C**THE OPTIONS CLEARING CORPORATION
BOARD OF DIRECTORS
CHARTER****I. INTRODUCTION**

Oversight of the management of the business and affairs of The Options Clearing Corporation (“OCC” or the “Corporation”) is vested in its Board of Directors (the “Board”) except as may otherwise be provided in OCC’s Certificate of Incorporation or its by-laws and rules.¹ The Board discharges its responsibilities in a manner consistent with legal and regulatory requirements applicable to OCC and the expectations of OCC’s stakeholders (i.e., stockholders, clearing members, cleared markets, market participants, and regulatory authorities). In doing so, the Board exercises its authority to promote the safe, sound and efficient operation of OCC and the development of safe, sound and prudent principles for risk assessment, monitoring and management in light of OCC’s role as a systemically important financial market utility.

Capitalized terms used in this Charter shall have the meanings set forth in OCC’s by-laws and rules unless otherwise indicated.

II. MEMBERSHIP AND ORGANIZATION

- A. Size and Composition. As provided for in the by-laws, the Board presently is comprised of [~~one (1)~~] two (2) Management Directors one of whom is [~~also~~] the Executive Chairman of the Board and the other of whom is the President [chief executive officer of OCC]; five (5) Exchange Directors representing each of OCC’s Equity Exchanges (i.e., stockholders); nine (9) Member Directors representing OCC clearing members; and three (3) Public Directors. Board size may be increased or decreased as specified in the by-laws.¹

¹ For example, Article III, Section 8 of OCC’s by-laws states that the Board shall not take action in respect of matters as to which the Corporation has agreed to limit its authority under the provisions of its agreements with its Equity Exchanges. Such provisions include the requirement that amendment of certain by-law provisions requires the unanimous consent of OCC’s stockholders.

- B. Qualification Standards. As provided for in the by-laws, the Board has adopted certain criteria to be used by designated persons in considering nominees for service as a Director (i.e., a member of OCC's Board). The Fitness Standards for Directors, Clearing Members and Others ("Fitness Standards"), as adopted and amended by the Board, set forth such criteria and is attached hereto. Such Fitness Standards are periodically reviewed by the Board. In addition, the by-laws set forth other considerations to be taken into account in the nomination of Member Directors for purposes of achieving balanced representation on the Board among Member Directors. Those considerations include the various business activities of clearing members and their geographical distribution.ⁱⁱ
- C. Election of Directors, Resignation and Disqualification. Election of the categories of Directors shall occur as provided in the by-laws. Resignations and disqualifications from the Board as well as the filling of any vacancy shall be addressed as provided in the by-laws.ⁱⁱⁱ
- D. Tenure, Term and Age Limitations. The tenure of service of each category of Director is specified in OCC's by-laws. The Management Directors and the Exchange Directors are elected at each annual stockholder meeting. There are no term limitations with respect to such categories of Directors. Each class of Member Director and Public Director is elected to a term of three years subject to the term limitations set forth in the by-laws. No age limitations are imposed with respect to any category of Director.^{iv}
- E. Vice Chairmen of the Board. If elected by the Board and serving, the Management Vice Chairman of the Board shall have the responsibilities and duties set forth in the by-laws in the event of the absence or disability of the Executive Chairman. The Member Vice Chairman, who is elected by the Board from the Member Directors, shall have the responsibilities and duties set forth in the by-laws, including those in the event of the absence or disability of the Executive Chairman and the Management Vice Chairman, if elected and serving.^v
- F. Meetings. Generally, the Board regularly meets a minimum of five times per year. Directors are expected to attend all meetings of the Board, review all materials in advance and be prepared to participate fully in the meeting. Special meetings may be called as

provided for in the by-laws. Briefing materials are generally distributed in advance of each Board meeting.^{vi}

The Executive Chairman of the Board, in consultation with the President as well as the Secretary, shall establish the agenda for each Board meeting. A Director may request that an item be included on any meeting agenda. The Executive Chairman may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Board may call executive sessions from which guests of the Board may be excluded. Directors may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.

- G. Quorum. Except as may otherwise be provided in the by-laws, a majority of the Directors then in office, but not less than six (6) Directors, shall constitute a quorum of the Board for the conduct of business.^{vii}
- H. Minutes. The Secretary or such other person appointed by the Board will prepare the minutes of each meeting of the Board, which shall be furnished to the Directors for review.^{viii}

III. AUTHORITY

- A. Scope. Except as otherwise provided in the Certificate of Incorporation and the by-laws, the Board oversees the management of the business and affairs of OCC. As required by the by-laws, the Board annually elects certain corporate officers including the Executive Chairman of the Board and the President (who are also [is] the Management Directors [and chief executive officer]), the Secretary, and the Treasurer. Each of these officers has the authorities, responsibilities and duties set forth in the by-laws and rules and such other duties as may be delegated to them in accordance with the by-laws. [The Board may, but need not, elect a President. If elected, the President has the authorities, responsibilities and duties assigned to such office under the by-laws.]^{ix}

In discharging its oversight role, the Board may inquire into any matter it considers appropriate to carry out its duties and responsibilities. The Board shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

The Board shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Board also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Board Committees and Delegation. The Board shall establish any standing and other committees that it deems necessary or appropriate to discharge its responsibilities. The Board presently has established three standing committees: the Audit Committee, the [Membership/]Risk Committee and the Performance Committee.^x

For each standing Committee the Board shall establish a written charter which shall set forth the responsibilities of that Committee, as well as Committee structure and operations, and any required reporting to the full Board. The Chairs of such Committees shall be determined in accordance with the terms of the applicable Committee Charter and, if applicable, the by-laws. Subject to and as provided in the by-laws, the Board shall approve and annually review Committee assignments. Directors are expected to attend all meetings of Committees to which they are appointed, review all materials in advance and be prepared to participate fully in the Committee's meetings.

The Board may form such other committees, including subcommittees, as it from time to time deems appropriate, and may delegate authority to one or more designated members of such committees.

- C. Review of Charter. This Charter shall be periodically reviewed by the Board of Directors.

IV. FUNCTIONS AND RESPONSIBILITIES

The Board performs an oversight role to ensure that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities in connection with its provision of clearance and settlement services as an industry utility. The Board is responsible for acting as a steward of OCC to make certain OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe, sound, efficient and prudential manner.

Either directly or indirectly through delegating certain responsibilities to its Committees, the Board has the following functions to discharge its management oversight responsibilities:

- To oversee governance processes in a manner consistent with this Charter, including reviewing Committee charters and reports of Committee activities, effecting Committee appointments, and periodically evaluating the Fitness Standards;
- To approve and oversee OCC's business strategies, including expansions of clearing and settlement services to new business lines;
- To monitor OCC's performance in delivering clearance and settlement services;
- To oversee OCC's processes and framework for assessing, managing and monitoring strategic, financial and operational risk;
- To oversee OCC's financial reporting, auditing, accounting and compliance processes;
- To foster OCC's processes designed to ensure compliance with applicable laws and regulations and to conduct business in a legal and ethical manner;
- To oversee OCC's system of internal controls;
- To oversee major capital expenditures and to approve the annual budget and corporate plan;
- To assure management succession; and
- To oversee the development and design of employee compensation, incentive and benefit programs and to regularly evaluate senior management performance and approve the compensation of the Executive Chairman and President[, if elected and serving].

In addition, the Board shall perform such functions and responsibilities as set forth in OCC's by-laws and rules, including, but not limited to:

- Determining disqualifications from Board service and making appointments to fill vacancies among the Management Directors, Member Directors and Public Directors as specified in the by-laws^{xi};
- Electing designated corporate officers^{xii};

- Approving applications for clearing membership and initial contributions to the clearing fund of newly admitted clearing members, subject to the by-laws and rules^{xiii};
- Approving OCC's fee structure consistent with the by-law requirements as well as rebates, discounts and refunds of clearing fees^{xiv};
- Approving additions to, amendments of, and deletions from OCC's by-laws and rules subject to the provisions of the by-laws^{xv};
- Conducting convened hearings in connection with a denial of membership or a suspension determination^{xvi};
- Suspending a clearing member^{xvii}; and
- Performing such other functions reserved to the Board under the by-laws and rules.

V. DUTIES AND RESPONSIBILITIES OF DIRECTORS

Each Director is required to act in good faith in the best interests of OCC and with due regard to the fiduciary responsibilities owed to OCC as a business and systemically important financial market utility. In addition, each Director is required to comply with the provisions of the Code of Conduct for OCC Directors, including, without limitation, the provisions relating to conflicts of interest and confidentiality.

i Article III, Section 1.
ii Article III, Sections 2, 5, 6, 6A and 7.
iii Article III, Sections 5, 6, 6A, 7, 10, 11 and 12.
iv Article III, Sections 2, 6, 6A and 7; Article IV, Section 1.
v Article IV, Sections 1 and 7.
vi Article III, Section 14.
vii Article III, Section 13.
viii Article IV, Section 10.
ix Article III, Section 8; Article IV Sections 1, 2 and 5.
x Article III, Section 9.
xi See end note iii.
xii See end note ix.
xiii Article V, Section 2; Article VIII, Section 2.
xiv Article III, Section 8; Article IX, Section 9.
xv Article XI, Sections 1 and 2.
xvi Article V, Section 2; Rule 1110.
xvii Article III, Section 8; Rule 1102.

The Options Clearing Corporation: Fitness Standards for Directors, Clearing Members and Others

The Options Clearing Corporation Fitness Standards

The Board of Directors and the stockholders of The Options Clearing Corporation (the "Corporation") have established qualification and fitness standards (the "Fitness Standards") for (i) directors, (ii) Clearing Members, and (iii) any person affiliated with a director or a Clearing Member. The criteria of the applicable Fitness Standards shall be used in nominating directors and in admitting Clearing Members or otherwise granting direct access to the settlement or clearing activities of the Corporation.

Fitness Standards for Directors

The Corporation's By-Laws contain governance standards designed to provide fair representation to stockholders and Clearing Members. The Board currently has 1[8]9 members consisting of nine Clearing Member directors ("Member Directors"), five directors nominated by the stockholder exchanges ("Exchange Directors"), three directors who are not affiliated with any national securities exchange, national securities association or broker or dealer in securities (the "Public Directors"), and the Corporation's Executive Chairman and President (the "Management Directors"). Member Directors are divided into three equal classes elected for staggered three-year terms. The Nominating Committee consists of one Public Director nominated by the Executive Chairman with the approval of the Board of Directors and elected for a three-year term and six other non-director members which are divided into two equal classes elected for staggered two-year terms. Prior to each annual meeting of stockholders, the Nominating Committee nominates a slate of nominees for election to the class of Member Directors and the class of non-director members of the Nominating Committee whose terms expire at that meeting. Each Exchange Director serves a one-year term and is nominated by one of the five stockholder exchanges, although a single Exchange Director may represent more than one exchange. The Public Directors are divided into three classes each composed of one member elected for staggered three-year terms (with the exception of the initial Class I Public Director who serves a one-year term ending in 2013 after which the Class I Public Director will be elected for a three-year term) and are nominated by the Executive Chairman, with the approval of the Board of Directors. The Management Directors, who [is] are the Corporation's Executive Chairman and President, serve[s] [a] one-year terms. This governance structure was carefully designed to meet the statutory requirements of "fair representation" and facilitates the performance of the Corporation's role as a market utility.

The criteria below shall be used by the Nominating Committee, the stockholder exchanges, and the Board of Directors in considering nominees for election to the Board and service on the Disciplinary Committee.

Criteria Applicable to all Directors

- Characteristics essential for effectiveness as a member of the Board, including, but not limited to, integrity, objectivity, sound judgment, and leadership;
- Expertise and experience in an area relevant to governance of the Corporation, including, but not limited to: (i) strategic planning, such as new business development, expansion of markets, products and

customers, and joint venture development; (ii) risk management relevant to risks such as credit, market, liquidity, operational, legal and regulatory compliance, payment systems, clearance and settlement, new products, risk modeling, risk valuation, and systemic risk management; (iii) technology, such as infrastructure, applications development and maintenance, information security, and disaster recovery; (iv) operations; (v) trading; (vi) business management; (vii) finance; (viii) audit; (ix) governmental and legislative relationship management; (x) compensation and human resources; and (xi) legal, regulatory, and compliance expertise.

- Substantial seniority in own firm;
- Knowledge of securities and/or futures industries;
- Appropriate educational credentials or other certifications;
- For current directors eligible for re-election, length of service on the Board and attendance, and participation, and contribution at Board and committee meetings; and
- Appropriate weight given to diversity factors.

In addition, no person shall be qualified to serve on the Board if such person:

- is subject to a “statutory disqualification” under Section 3(a)(39) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- may be refused registration under the Commodity Exchange Act (“CEA”) pursuant to Section 8a(2) of the CEA; or
- has a history of serious disciplinary offenses, including, but not limited to, those that would be disqualifying under Commodity Futures Trading Commission (“CFTC”) Regulation § 1.63.

Additional Criteria for Member Directors

- Balanced representation among all Clearing Members;
- Balanced representation of all business activities of Clearing Members;
- Nature of the firm each prospective director is associated with;
- Industry affiliations; and
- Geographical distribution of Clearing Members.

Additional Criteria for Exchange Directors

- Ownership of common stock of the Corporation by the exchange nominating an Exchange Director.

Additional Criteria for the Public Directors

- No affiliation with any national securities exchange or national securities association or with any broker or dealer in securities, as stated in the Corporation’s By-Laws.

Fitness Standards for Clearing Members

Clearing Members of the Corporation are subject to extensive regulation by either or both of the SEC and the CFTC, or, in the case of Non-U.S. Securities Firms, the regulatory authority of the country or countries in which the firm conducts business. Clearing Member applicants must be:

- Registered as a broker or dealer under the Exchange Act;
- A futures commission merchant registered under Section 4f(a)(1) of the CEA; or
- A Non-U.S. Securities Firm, as defined in the By-Laws.

The [Membership/Risk Committee may refuse to admit any person as a Clearing Member if the person is subject to a “statutory disqualification” under Section 3(a)(39) of the Exchange Act. No person shall be qualified to be admitted as a Clearing Member if the person is subject to statutory disqualification under Section 8a(2)-(4) of the Commodity Exchange Act [may be refused registration under the CEA pursuant to Section 8a(2) of the CEA].

Fitness Standards for Affiliates and Access Persons

No person affiliated, within the meaning of Section 5b(c)(2)(O) of the CEA, with a director of the Corporation or a Clearing Member (“Affiliates”) shall:

- meet criteria for refusal to register a person under Section 8a(2) of the CEA; unless
- the [Membership/Risk Committee finds that there are special circumstances warranting the waiver of such disqualification with respect to the Affiliate.

With respect to Affiliates, the Board shall be entitled to rely on a certification from the relevant director or Clearing Member that, to the best of such person’s knowledge, none of its affiliates is subject to disqualification pursuant to the Corporation’s Fitness Standards and that such person will notify the Corporation if at any time such director or Clearing Member becomes aware that any such affiliate fails to meet the Fitness Standards.

Section 5b(c)(2)(O)(ii)(IV) of the CEA requires each derivative clearing organization (“DCO”) to establish Fitness Standards for persons with direct access to the settlement or clearing activities of the DCO (“Access Persons”). The Corporation believes that there are presently no persons with such access other than the Clearing Members.